



# EMRISE CORPORATION

NYSE Arca: ERI

A leading multi-national manufacturer of proprietary electronic devices and communications equipment with a growing base business in military electronics, and serving such new growth markets as in-flight entertainment & communications and edge networks

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## Safe Harbor Statement

The matters discussed in this presentation, including any oral comments that accompany the presentation or given in response to questions, may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, orders, backlog, financial results, products, and/or other events that have not yet occurred. Actual results may differ materially from those forward-looking statements. Factors that could contribute to such differences include, but are not limited to, variations in forecasted growth rate of markets for the company's products, changes in EMRISE's financial condition and financial results, the company's ability to distinguish itself and its products from current and future competitors and those factors contained in the "Risk Factors" Section of the company's most recent filings with the U.S. Securities and Exchange Commission on Form 10-K and Form 10-Q.

September 2008

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# Company Overview

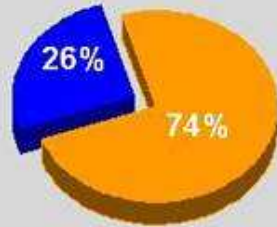
- **On a track of strong top- and bottom-line growth**
  - Base business + recently acquired ACC business
- **Focused on high-growth commercial market opportunities**
  - New In-flight entertainment & communications products
  - New network timing & synchronization products
- **Expanded and growing military electronics business**
  - Base business – Europe, elsewhere outside U.S.
  - ACC acquisition – U.S. and elsewhere
- **Established presence on three continents**
- **Large international base of blue-chip customers**
  - Long-term contracts, repeat custom product revenue
- **Positioning company to focus on core businesses**

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# Business Overview – 2008E

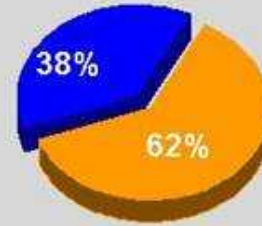
2008 Estimated Revenue – ~\$62 Million<sup>a</sup>

## Business Segments<sup>b</sup>



■ Communications  
■ Electronic Devices

## Production by Region<sup>b</sup>



■ North America  
■ Europe & Asia

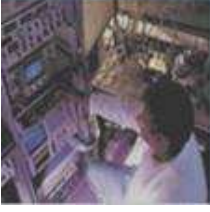
## Product Categories<sup>b</sup>

- In-flight entertainment & communications 16%
- Communications 26%
- Military Electronic Devices 52%
- Industrial & Other 6%

<sup>a</sup> Does not include impact of any possible sale of non-core businesses or product lines. <sup>b</sup> Future production by region will trend toward higher North America and future business segments and product categories will trend toward even higher electronic devices (both due to impact of ACC).

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# Business Segments



## Electronic Devices

- **Product categories**
  - RF devices and subsystems
  - Power systems
  - Digital and rotary switches
  - Integrated Assemblies
- **Markets**
  - Military – aviation, land & sea platforms
  - Commercial & general aviation
  - Industrial
- **Primary growth opportunity**
  - In-flight entertainment & communications (IFE&C)
  - U.S. Military

## Communications Equipment

- **Product categories**
  - Network Access
  - Timing & Synchronization
- **Markets**
  - Public & private networks
  - Utility networks
  - Military networks
- **Primary growth opportunity**
  - Edge network timing & synchronization

# Key Customers – Electronic Devices

## USA

**BOEING**  
**BAE SYSTEMS**  
**GE Aviation**  
**LOCKHEED MARTIN**  
**Rockwell Collins**  
**Panasonic Avionics Corporation**

## Europe

**THALES**  
**MBDA**  
**SIEMENS**  
**ALSTOM**  
**EDS**  
**EADS**  
**AIRBUS**  
**smiths**  
**ALCATEL**  
**BAE SYSTEMS**

## Asia

**mitsubishi**  
**HITACHI Inspire the Next**  
**NEC Empowered by Innovation**  
**TOYOCOM TOYO COMMUNICATION EQUIPMENT CO., LTD.**  
**TOSHIBA**

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# Key Customers - Communications

## USA



MOTOROLA



## EUROPE



French Ministry  
Of Defense

British Ministry  
Of Defence



## ASIA



(Taiwan)

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# Principal Markets

- **Large growth market opportunities**
  - In-flight entertainment & communications (IFE&C)
  - Communications network timing & synchronization
- **Base business**
  - Military electronic devices – steady growth
- **Acquired business – ACC**
  - Military electronic devices – solid incremental growth

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# Market Opportunity – IFE&C

- **New Features generate additional revenue for airlines**

- Multimedia entertainment
  - Satellite TV (Pay per view)
  - Video on Demand
  - Gaming
- Productivity/communications
  - GSM
  - Broadband: Internet, e-mail, messaging

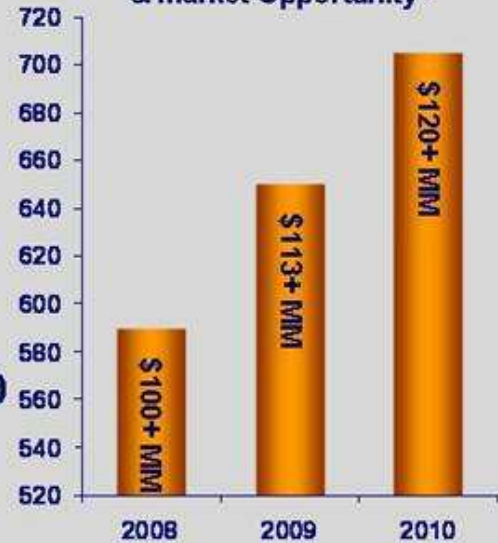
- **Accelerated growth for IFE&C in new and retrofit aircraft**

- **EMRISE average sale could grow from ~\$50,000 to \$100,000**

- **EMRISE Market Opportunity<sub>2</sub>**

- \$120+ million annually by 2010

Annual Number IFE&C Equipped Aircraft<sup>1</sup> & Market Opportunity<sup>2</sup>



<sup>1 & 2</sup> Source: Company estimates based on available industry data

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## Key IFE&C Differentiators

- **Ability to provide electronic & RF solutions**
  - Turnkey communications solutions
  - Individual devices and subsystems
- **Proven technical & manufacturing capability**
- **Multi-year experience in original In-flight entertainment market**
- **Sell to all 3 major system suppliers of Boeing & Airbus**
- **Sell to and continue partnering with manufacturers of on-board GSM base stations and broadband connectivity**

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## Market Opportunity - Network Timing

- **New converged public networks combining traditional circuit-based & IP packet-based networks**
- **Deployment of so called “Next Generation Networks” that include network management protocols**
- **Edge network proliferation vs. central office timing source**
  - Homeland Security requiring secure networks
    - Public networks more secure with dispersed edge network sources of timing
  - More accurate timing for next generation of cell phone traffic and broadband
  - Utilities, government & military private networks

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## Key Differentiators – Network Timing

### New EMRISE “TIEMPO™” 6400 – Network Timing and Synchronization Product

- Market leading Edge Network port density
  - 64 outputs vs. 9 outputs for key competitor
  - Scalable from 64 to 128 outputs
- Managed via EMRISE custom & industry standard tools
- Meets US, European & world standards
- Small physical size
- More cost effective – lower cost per output

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# Corporate Growth Strategies

- **Increase Revenue and Profitability**
  - Accelerate organic growth
    - Focus on next generation IFE&C and Edge Network Timing & Synchronization products
    - Capitalize on base of electronic device customers
    - Leverage opportunities through operations in North America & Europe
  - ACC acquisition
    - Expands existing EMRISE European-based RF & microwave business into US commercial & military aerospace markets & ACC expansion into Europe
- **Create more focused company**
  - Evaluating possible sale of non-core businesses and product line

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## ACC Acquisition - completed 8/20/08

- **Accretive for EMRISE shareholders**
  - Estimate revenue of \$17 to \$18 million in 12 months following close
  - Significant bottom line contributions
- **EMRISE NOLs provide tax shelter for consolidated income**
  - Maximizes net income/EPS, improves cash flow
- **\$18 million price – \$13 million debt plus \$5 million earn out**
- **Favorable valuation (vs. comparable EBITDA and revenue multiples)**
- **ACC earn-out benefits EMRISE stockholders**
  - Ensures that ACC continuing executive management and EMRISE are strategically aligned
- **Broader product offerings for U.S. and European markets**
  - ACC's U.S. location opens door to EMRISE in U.S. military market
  - Existing Pascall subsidiary's U.K. domicile opens door for ACC products in European military market

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# Potential Sale of Non-Core Businesses

- **First asset sale completed – EMRISE Circuit Division**
  - Modest proceeds from sale, favorable supplier agreement
  - Inconsequential revenue and net income impact
  - Reduces operating costs
  - Avoids cost of near term discretionary shut down
- **Assessing sale of other non-core businesses/products**
  - Use of proceeds – pay down acquisition debt
    - Strengthen balance sheet, reduce financial risk
    - Annual interest savings about equal to non-core annual profit

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## Realign Capitalization - Reverse Stock Split

- **Rationale/Potential Benefits**

- Retain NYSE Arca listing
  - Removes overhang of de-listing and move to Bulletin Board
  - May improve effectiveness of investor relations activities
  - Company remains exempted from certain “BlueSky” laws
  - Broader pool of potential investors
  - Can help brokers overcome certain compliance issues
- Establishes share-count more appropriate for Company size
  - Lower share-count improves EPS
- Higher stock price
  - Higher stock price helps shed negative image of stock that trades below \$1.00
  - Can help overcome certain minimum stock-price requirements

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# Realign Capitalization Reverse Stock Split

- **Process**

- Obtain stockholder approval at November 6 special meeting
- Implementation based on and follows closing ACC acquisition
- Determine minimum reverse-split ratio at time of implementation
  - Market conditions
  - Stock price
- Support with proactive investor relations activity
  - Regular news flow, P/R, investor communications
  - Increased retail and institutional investor outreach
    - Investor road shows
    - Meetings/conferences

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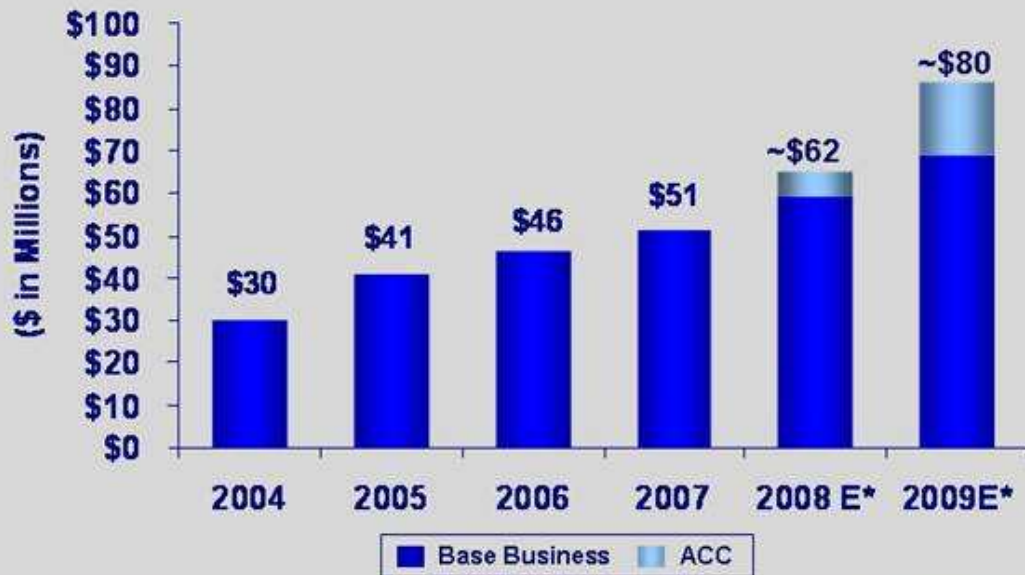


# Financial and Investment Highlights

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# Annual Financial Highlights

## Revenue Trend

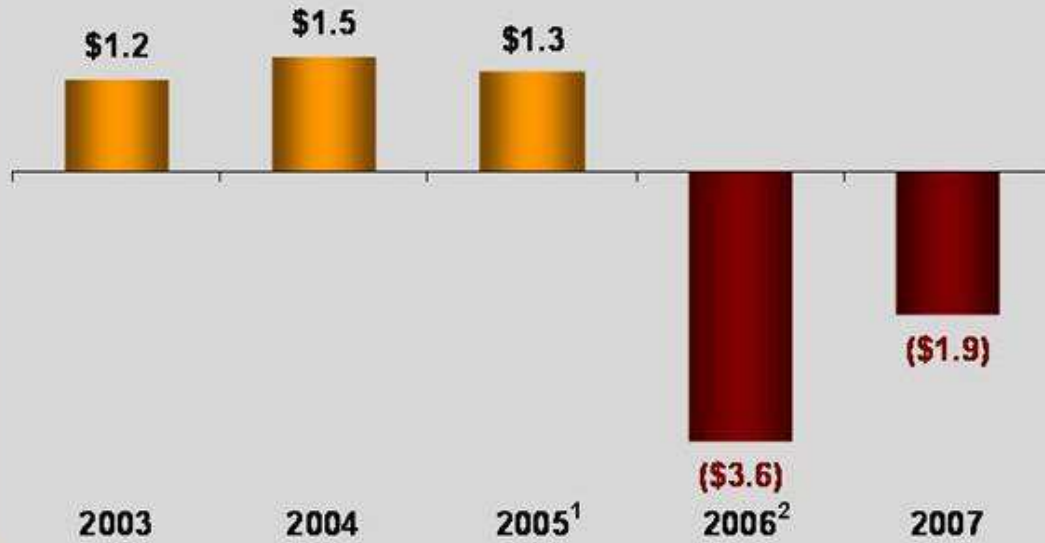


**\*Note:** Does not include impact of any possible sale of non-core businesses or product lines

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# Annual Financial Highlights

## Net Income Trend (\$ Millions)



<sup>1</sup> Includes \$1.5 million audit & legal costs for 2006 reaudit; \$620,000 discretionary engineering costs

<sup>2</sup> Includes final reaudit-related costs of \$300,000 and \$200,000 of debt financing related charges

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## Q2 Highlights

(Thousands, except %, EPS)	Q2 2008	Q2 2007
Record quarterly revenue	\$ 14,049	\$ 12,067
Gross margins up	35.5%	33.8%
Net loss	\$ (256)	\$ (623)
EPS – fully diluted	\$ (0.01)	\$ (0.02)

- Record second quarter revenue driven primarily by sales of:
  - Current in-flight entertainment products
  - New IFE&C products
  - Network access products

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# Investment Thesis

- **Strong top- and bottom-line growth**
- **High-growth commercial market opportunities**
  - New In-flight entertainment & communications products
  - New network timing & synchronization products
- **Expanded and growing military electronics business**
  - Base business – Europe, elsewhere outside U.S.
  - ACC acquisition – U.S. and elsewhere
- **Established presence on three continents**
- **Business approaching critical mass**
- **Large international base of blue-chip customers**
  - Long-term contracts, repeat custom product revenue
- **Valued at .34X 2008E sales vs. 1.2X peer group average**

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## Stock Information

<b>Common shares</b>	<b>NYSE Arca: ERI</b>
<b>52-week price range</b>	<b>\$0.42 - \$1.04</b>
<b>Recent price (8/27/08)</b>	<b>\$0.56</b>
<b>Average daily trading volume</b>	<b>42,775</b>
<b>Common shares outstanding</b>	<b>38.3 million</b>
<b>Market capitalization</b>	<b>\$21.4 million</b>
<b>Institutional ownership</b>	<b>26%</b>
<b>Insider ownership (officers &amp; directors)</b>	<b>5%</b>

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# Q&A