



press release

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11 January 2018

Ultra Electronics Holdings plc ("Ultra" or "the Group")

Post-Close Trading Statement

Ultra, the international defence, security, transport and energy group, today issues a post-close trading statement in respect of its year ended 31 December 2017.

2017 Performance

Group trading remains in line with the announcement made on 10 November 2017. Full year revenue is expected to be over £770m and underlying operating profit just over £120m. Cash conversion is expected above 90% and follows the cash conversion of 92% for the year ended 31 December 2016. Order intake has continued to be strong at around £900m. The Board remains minded to recommend a final dividend of 35p per share and will finalise this when the Group announces its full year results.

2018 Outlook

The Group enters the year with an order cover on expected 2018 revenues of around 62%, compared with approximately 56% in 2017. At this early stage of the year, the current expectations for 2018 are:

- Modest progress in underlying revenue and operating profit at constant currencies after investing for the future through increased R&D and capital expenditure.
- Trading performance for each half of 2018 is expected to be approximately 48%:52%.
- Further good cash generation. The medium term guidance for cash conversion remains in line with the 80% to 85% levels mentioned in the announcement of 10 November 2017.

The Group will adopt IFRS 15 with effect from 1 January 2018 and will provide pro-forma 2017 results under IFRS 15 in March. The Group does not expect any material impact arising from this. Ultra also notes the approval of the new US tax legislation and Jobs Act. The Group anticipates that the announced changes will have a minor impact on the Group's effective tax rate for 2018 and will give further guidance on this in March.

The search for a new Chief Executive is underway and the Group will update the market when appropriate.

Douglas Caster, Executive Chairman commented: "Ultra continues to be a world-leading business with extensive intellectual property, strong market positions, differentiated technologies, talented people and a strong balance sheet. The Group's core strengths include world-leading positions in many of its specialist capabilities. It has positions on a broad number of long term platforms and programmes, significant exposure to the strengthening US defence budget, and growing demand for advanced defence technologies. The Group also has good visibility through a strong order book of just under £900m which excludes contributions from a large volume of IDIQs (US DoD indefinite delivery indefinite quantity contracts) and other off order book aerospace contracts. The Board is confident that Ultra has sustainable operating trading momentum with a significant number of recent long-term contract wins."

Ultra's results announcement for the year ended 31 December 2017 is scheduled for 5 March 2018.

- Ends -

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The person responsible for arranging the release of this announcement on behalf of the company is Amitabh Sharma, Group Finance Director.

Cautionary Statement:

The trading statement contains certain forward-looking statements. These statements are made by the directors of Ultra in good faith, based on the information available to them up to the time of the publication of the trading statement but such forward-looking statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking statements.

Ultra undertakes no obligation to revise or update any forward looking statement contained within this announcement, regardless of whether those statements are affected as a result of new information, future events or otherwise, save as required by law and regulations.

Further information about Ultra:

Ultra Electronics is an internationally successful defence, security, transport and energy company with a long, consistent track record of development and growth. The Group manages a portfolio of specialist capabilities generating innovative solutions to customer needs. Ultra applies electronic and software technologies in demanding and critical environments ranging from military applications, through safety-critical devices in aircraft, to nuclear controls and sensor measurement. These capabilities have seen the Group's highly differentiated products contributing to a large number of platforms and programmes.

Ultra has world-leading positions in many of its specialist capabilities and, as an independent, non-threatening partner, is able to support all of the main prime contractors in its sectors. As a result of such positioning, Ultra's systems, equipment or services are often mission or safety-critical to the successful operation of the platform to which they contribute. In turn, this mission-criticality secures Ultra's positions for the long term which underpins the superior financial performance of the Group.

Ultra offers support to its customers through the design, delivery and support phases of a programme. Ultra businesses have a high degree of operational autonomy where the local management teams are empowered to devise and implement competitive strategies that reflect their expertise in their specific niches. The Group has a small head office and executive team that provide to the individual businesses the same agile, responsive support that they provide to customers as well as formulating Ultra's overarching, corporate strategy.

Across the Group's three divisions, Ultra operates in the following eight market segments:

- Aerospace
- Communications
- C2/ISR
- Infrastructure
- Land
- Maritime
- Nuclear
- Underwater Warfare