

press information

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

Ultra acquires Dascam Consulting in UAE for \$19m

Ultra announces the acquisition of Blue Sky Group (International) Ltd, of which the principal trading entity is Dascam Consulting ("Dascam"). Ultra will pay an initial cash consideration, subject to net asset adjustment on completion, of \$19m, together with a further payment which is subject to certain growth targets being met over the next three years. On a pro-forma basis, Dascam's revenue on a full-year basis for 2008 would have been about \$24m, generating an EBIT margin of about 15%.

Dascam is a leading defence consultancy in the Middle East, providing specialist resources which deliver customised consultancy and training services for the defence, security and Government infrastructure markets in the region. These services are often the subject of multi-year contracts. It also operates as a gateway for the provision of turnkey solutions for its broad range of customers in UAE, Saudi Arabia, Qatar and Bahrain.

Dascam has already been successful in winning new business for Ultra and is currently working on a number of joint bids in the region. Examples of contract awards to date are:

- with the UAE Armed Forces the supply of crisis response planning systems
- in Qatar, for the provision of a turn-key training solution for emergency planners, incident commanders and security controllers
- for the Abu Dhabi Police, providing training for incident management

The company, established in 2001, employs 140 people in Abu Dhabi, including a high proportion of locally recruited and trained consultants. It will operate as a stand alone business within Ultra's Aircraft & Vehicle Systems division, reporting to Alan Jan-Janin.

This acquisition will be financed using Ultra's existing banking facilities and is expected to be earnings-neutral in 2008 and earnings-enhancing in 2009.

Douglas Caster, Chief Executive of Ultra, commented:

"I am pleased to bring Dascam into the Group as Ultra's first acquisition in the region. It supports the Group's growth strategy by positioning Ultra in the Middle East. Dascam has a track record of winning business in the region and will provide Ultra with the ability to market on a wider scale its broad range of offerings and capabilities in this important and expanding marketplace."

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Enquiries:

Ultra Electronics Holdings plc
Douglas Caster, Chief Executive
David Jeffcoat, Group Finance Director

020 8813 4321
www.ultra-electronics.com
information@ultra-electronics.com

Weber Shandwick Financial
Susan Ellis / James White

020 7067 0700

Further information about Ultra:

Ultra Electronics is an internationally successful defence and aerospace company with a long, consistent track record of development and growth. Ultra businesses constantly innovate to create solutions to customer requirements that are different from and better than those of the Group's competitors. The Group has over one hundred distinct market or technology niches within its twenty one businesses. The diversity of niches enables Ultra to contribute to a large number of defence, aerospace and civil platforms and programmes and provides resilience to the Group's financial performance.

Ultra has world-leading positions in many of its niches and, as an independent, non-threatening partner, is able to support all of the main prime contractors with specialist capabilities and solutions. As a result of such positioning, Ultra's systems, equipment or services are often mission-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 underpin 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, the major market sectors in which Ultra operates are:

- **battlespace IT**, summarised as being the systems and equipment that allows coalition commanders to have an integrated, real-time picture of the disposition of friendly and enemy forces that is better than the one available to the enemy. This information superiority underpins rapid decision making which, together with effective command, control and communications, translates into military superiority. The use of battlespace IT is fundamental to the implementation of the military doctrines of 'network-centric warfare' or 'network-enabled capability' that are seen as transformational in the capability to win future battles. Expenditure on battlespace IT equipment therefore continues to represent an increasing share of the total defence budget in the main markets in which Ultra operates.
- **sonar systems**, expanding Ultra's traditional world-leading airborne anti-submarine warfare capability into broader activities in the underwater battlespace. These include integrated ship and submarine sonar systems, persistent seabed-deployed sensor arrays, torpedo defence and sea mine disposal systems. The fact that over forty countries have, between them, more than four hundred highly capable, stealthy submarines is continuing to focus expenditure in this sector.
- **civil and military aircraft equipment**, Ultra provides specialist sub-systems and equipment for military and civil aircraft. The main military aircraft programmes on which Ultra equipment is fitted continue to have political support, underpinned by consistent financial commitment. For civil aircraft, record order intake performance by all major aircraft manufacturers underpins increasing build rates for the medium term.
- **specialist defence equipment**, including power conversion and signature systems for naval ships and submarines. Ultra's specialist capability in high integrity controls for submarine nuclear reactors is included in this sector, for which there is continuing commitment to new platforms and the upgrade of existing boats. Ultra also supplies advanced sub-systems for modern armoured vehicles including those for electrical power management, indirect vision and weapon control. The need for increased mobility and force protection is driving a number of large military vehicle procurements in Ultra's main markets.
- **specialist civil systems and equipment**, including Ultra's advanced airport IT solutions. Airline passenger growth around the world is driving continuing expansion and upgrade of airport infrastructure. Ultra supplies trackside power equipment for rail transit systems, for which demand continues driven by the need to expand and upgrade rail networks. The UK market for nuclear power generation is expanding and Ultra's offering derived from its equivalent military capability is well positioned to benefit.