

Embargoed until 0700
17 November 2008

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

Interim Management Statement

Ultra today issues its interim management statement for the period 1 July 2008 to 14 November 2008 in accordance with the requirements of the UK Listing Authority's Disclosure and Transparency Rules.

Trading to date in the second half of the year has been in line with the Board's expectations.

- The Group has announced two acquisitions in the period; AudioSoft (£5m) and Weed (\$32m). After transaction and integration costs, these acquisitions are expected to be earnings-neutral in 2008 and earnings-enhancing thereafter. Ultra is still selectively targeting companies that have a proven track record and that can bring enhanced value to the Group.
- The Group has won further significant orders in the period. These include a £34m contract to supply an integrated sonar suite for new Australian navy destroyers and further orders valued at \$65m for enhanced tactical radios for the US Army.
- Ultra's civil and military aircraft system development programmes are progressing satisfactorily, both technically and commercially, and the delays announced in respect of some of these platforms will not materially impact the Group's results.

Ultra's broad portfolio and spread of specialist market positions continue to underpin the Group's performance. Many of Ultra's businesses operate in market niches that will continue to attract an increasing proportion of defence budgets. Conditions in Ultra's main markets therefore support the continuing development of the Group, as noted in the interim 2008 announcement. Results from the Group's businesses are encouraging and Ultra's order book continues to provide its customary level of visibility.

Ultra's balance sheet remains strong and there has been no significant change in the financial position of the Group since that reported as at 30 June 2008, other than the acquisitions noted above which were funded through an increase in bank borrowings. During the period the Group agreed with its consortium of banks an £80m increase in the size of its revolving credit facility in order to increase the headroom available for acquisitions.

The recent strengthening of the US and Canadian dollars against sterling, if sustained, would benefit the Group's results through a favourable currency translation effect. The gain in 2008 would be small but with the potential of a larger benefit in 2009. The second effect would be a significant nominal reduction in the 'marked-to-market' value of outstanding foreign currency hedging contracts. This would result in a large increase in reported finance costs in the period. Neither headline profit before tax nor cash flow would be affected.

The Board is confident that Ultra's performance in the second half will be in line with expectations and that the Group will continue to make good progress next year.

Ultra will announce the Group's preliminary results for the year ending 31 December 2008 on 2 March 2009.

- Ends -

Enquiries:**Ultra Electronics Holdings plc**

020

8813 4321

Douglas Caster, Chief Executive

David Jeffcoat, Group Finance Director

www.ultra-electronics.com[www.ultra-](http://www.ultra-electronics.com)[electronics.com](http://www.ultra-electronics.com)[information@ultra-](mailto:information@ultra-electronics.com)**Weber Shandwick Financial**

020

7067 0700

Susan Ellis/James White

Cautionary Statement:

This announcement contains forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could, is confident, or other words of similar meaning. Undue reliance should not be placed on any such statements because they speak only as at the date of this document and, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and Ultra's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements. There is a number of factors which could cause actual results to differ materially from those expressed or implied in forward looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are, increased competition, the loss of or damage to one or more key customer relationships, changes to customer ordering patterns, delays in obtaining customer approvals for engineering or price level changes, the failure of one or more key suppliers, the outcome of business or industry restructuring, the outcome of any litigation, changes in economic conditions, currency fluctuations, changes in interest and tax rates, changes in raw material or energy market prices, changes in laws, regulations or regulatory policies, developments in legal or public policy doctrines, technological developments, the failure to retain key management, or the key timing and success of future acquisition opportunities or major investment projects.

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 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.

This information is provided by RNS
The company news service from the London Stock Exchange

RNS news service provided by Hemscott Group Limited.
