

press information

Embargoed until 0700

24 April 2009

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

Interim Management Statement

Ultra today issues its interim management statement for the period 1 January 2009 to 23 April 2009 in accordance with the requirements of the UK Listing Authority's Disclosure and Transparency Rules. Ultra's Annual General Meeting will be held today at 10.00 a.m.

Conditions in Ultra's markets remain as noted on 2 March 2009 at the time of the preliminary announcement of the Group's 2008 results. Ultra's broad portfolio and spread of specialist market positions continue to underpin the Group's performance. Ultra is positioned in market sectors worldwide that continue to offer significant headroom for further growth and many of the Group's niche markets are relatively resilient in terms of maintaining growth despite current economic conditions. Ultra's organic growth in 2009 will be augmented by the contributions and market synergies to be derived from the eight acquisitions made in 2008 which widen the portfolio and increase the geographic reach of the Group.

Trading in the year to date has been in line with the Board's expectations. Ultra's order book was valued at over £800m at the end of February and continues to provide its customary level of visibility. Orders won in the year to date include:

- a contract from the US Navy for active and passive sonobuoys
- a further contract for surveillance systems to protect UK bases for current operations in Afghanistan
- an extension contract for Dascam, a business acquired in December 2008, to provide training services to the defence forces in Abu Dhabi, UAE

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 31 December 2008. While the Group will manage its rate of expenditure on acquisitions so as to maintain a strong balance sheet, Ultra continues to target companies with a proven track record, that have differentiated positions in growing, niche markets and that can be acquired at appropriate prices.

The current rates of exchange of the US and Canadian dollars against sterling will, if sustained, benefit the Group's results compared to 2008 through a favourable currency translation effect. With regard to currency transaction effects, Ultra uses hedging contracts to fix the local currency value of future foreign currency sales receipts. Following the significant exchange rate movements that occurred in the latter part of 2008, the Group has reviewed its level of hedging cover for the next two years and reduced it to match the expected net inflow of US dollars. This process has incurred one-off costs of around £12m net of tax that affect net debt. Ultra's reported headline profit before tax and operating cash flow are unaffected.

The Board is confident that Ultra's performance in the first half will be in line with expectations and that the Group will continue to make good progress in 2009.

Ultra will announce its interim results for the six months ending 30 June on 3 August 2009.

- Ends -

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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.