



press release

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Ultra Electronics Holdings plc
(“Ultra” or “the Group”)

Interim Management Statement

Ultra, the international defence, security, transport and energy company, today issues its Interim Management Statement for the period 1 January 2012 to 26 April 2012. Ultra’s Annual General Meeting (‘AGM’) will be held today at 10.00 a.m.

Strategy

The Group’s strategies for growth underpin its resilience to continuing market uncertainties. This resilience is driven by:

- a focus on providing innovative solutions in areas of customer preferential spend, increasingly in the cyber security and surveillance markets
- the Group’s broad spread of specialist capabilities, specified on over 350 long-term platforms and programmes spanning the security, transport, energy and defence markets worldwide, which are attractive to a wide customer base
- a proven ability to win new business with innovative and differentiated solutions and then execute contracts effectively
- continued investment in new products, business development and value-adding acquisitions
- a focus on moving into adjacent growth markets and the expansion of the Group’s geographic footprint.

Markets

Conditions in Ultra’s markets remain broadly as noted on 27 February 2012 in the preliminary announcement of the Group’s 2011 results. In the US, it is anticipated that political brinkmanship on budgets will continue through 2012, a Presidential election year. In the UK, the Ministry of Defence is undertaking a redesign of its procurement process, with the aim of achieving better value for money with fewer staff. In both the UK and US markets, government agencies are delaying the start of new programmes and incrementally funding existing ones. Ultra’s advanced electronic solutions continue to lie in areas of customers’ preferential spend.

Trading

The Group’s performance in the period has been in line with the Board’s expectations. Ultra continues to win positions on long-term, international platforms and programmes which underpin long-term order intake. Examples in the period include:

- a major contract to provide tactical C4ISR packages (TACPOD) to the US Air Force, just two years after the concept was launched
- contracts to develop the next generation ASW capability for the US P-8 maritime patrol aircraft programme
- orders for Ultra’s specialist nuclear sensors from Areva and Westinghouse for nuclear power station projects in the USA, China and Sweden
- contracts with the US Navy to provide wireless-enabled perimeter monitoring and energy efficiency systems for naval bases, resulting in strong US Air Force and US Army interest in the product.

Financial position

Ultra's balance sheet remains strong and there has been no significant change in the financial position of the Group since that reported on 27 February 2012. The Group has substantial headroom associated with its current banking facilities. This reflects its customary focus on careful cash management, as evidenced by the continued strong cash performance in 2011, which brought the five-year average operating cash conversion to 103%.

There has been no significant event or transaction since 1 January 2012 that could have a material impact on the financial position of the Group.

With regard to further acquisitions, Ultra continues to target companies with a proven track record, that have differentiated positions in growing, niche markets and that can be acquired at value-enhancing prices.

Outlook

The Group's strategy of having 'many eggs in many baskets', in areas of preferential customer spend, provides resilience to challenging conditions that exist in some of Ultra's markets. While UK and US defence markets will remain difficult throughout 2012, there are growth areas where Ultra will benefit. In addition, the Group's other markets in the security and civil sectors have niches with high growth potential. As indicated in the 2011 preliminary results announcement, Ultra's performance will be weighted towards the second half of the year. The Board has confidence that the benefits of continuing reinvestment of Ultra's cash in the Group's portfolio, with acquisitions and development of new specialist capabilities that position the Group in growth markets, will underpin progress for the full year.

Ultra will announce its interim results for the six months ending 30 June 2012 on 30 July 2012.

- Ends -

Enquiries:

Rakesh Sharma, Chief Executive 020 8813 4307
Paul Dean, Group Finance Director

Susan Ellis, Senior Communications Adviser 07836 522 722
James White, MHP Communications 020 3128 8756

www.ultra-electronics.com

Cautionary Statement:

This interim management statement has been prepared solely to provide additional information to shareholders as a body to meet the relevant requirements of the UK Listing Authority's Disclosure and Transparency Rules. The interim management statement should not be relied upon by any other party for any other purpose.

The interim management 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 interim management 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.

This interim management statement has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Ultra and its subsidiary undertakings as a whole

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. 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 about one hundred and eighty distinct market or technology niches within its twenty eight businesses. The diversity of niches enables Ultra to contribute to a large number of 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:

Defence: Ultra supplies advanced electronic and electrical systems and equipment to coalition defence forces around the world. The Group innovates to provide specialist capabilities that are superior to those available to the enemy. By focusing on delivering comparative military advantage, Ultra can gain market share and exploit the headroom for growth that is available in defence budgets worldwide.

Security and cyber: Ultra provides highly differentiated systems and capabilities to the broad security, intelligence and cyber market. Driven by the actions of rogue states, terrorist groups and organised crime, governments worldwide are focusing expenditure preferentially on addressing these threats. Ultra has highly specialised capabilities in secure communications, networks and high grade cryptographic equipment, key management systems and surveillance and intelligence gathering systems.

Transport: Ultra provides specialist software, systems and equipment for use in mass passenger transport systems. This includes high integrity real-time controls for civil aircraft, advanced IT solutions for modern airports and trackside power equipment for transit rail systems. Demand in all areas is driven by rising populations in affluent and developing regions of the world.

Energy: Countries around the world are addressing the strategic need to have secure access to increasing amounts of low carbon energy. Ultra has a range of safety critical sensors and controls used in existing and new build nuclear reactors. The Group has innovative portable energy sources powered by readily available propane gas. Ultra also has specialist sensors, derived from defence applications, which are highly effective in the underwater environment at hydrocarbon mapping.