

press information

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

ULTRA AWARDED £34m AUSTRALIAN SONAR CONTRACT

Ultra announces the award of a contract worth over £34m for the supply of three integrated sonar systems for the Royal Australian Navy's new Air Warfare Destroyers (AWDs). Ultra's customer is Raytheon Australia, one of the partners in the AWD Alliance which will design and build the destroyers.

The AWDs will be fitted with undersea warfare sonar systems that comprise hull-mounted sonars and towed sonar arrays utilising both passive and active elements. The systems enable the detection and tracking of submarines and torpedoes beyond their lethal range.

There is the potential for Ultra to be awarded further contracts to enhance the system capability before the first ship enters service in 2014. These additions could include torpedo defence and the ability to process signals from multiple active and passive sources, including sonobuoys, to enhance overall system performance.

Ultra has committed to execute 50% of the contract value in Australia and plans to build on its existing presence there to be able to address not only the domestic Australian defence and security market but also other fast growing markets in the Asia Pacific area.

Douglas Caster, Chief Executive of Ultra, commented:

"I am very pleased that Ultra has signed this significant contract. This win builds on the Group's success in supplying advanced sonar systems around the world. Australia is an important defence market and the decision to build a capability in the state of South Australia is an important step in the Group's long-term strategic overseas development."

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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.