

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

**Pre Close Trading Statement**

Ultra, the international defence, security, transport and energy group, today issues a Pre Close Trading Statement, ahead of its Interim Results for 2015.

Overall, conditions in Ultra's markets remain as noted on 2 March 2015 in the 2014 preliminary results announcement and expectations for the full year remain unchanged. We continue to anticipate that performance will be more weighted toward the second half.

As anticipated, the uncertainty surrounding the US fiscal year 15/16 budget and the potential of a Continuing Resolution in relation to Government appropriations continues to impact US defence revenues. Further, recent challenges to the Patriot Act are impacting revenues from our US Sotech business and as previously advised, the Oman contract termination is impacting cash. Despite the headwinds, order intake for the first half is expected to result in a book to bill ratio close to one and our recent acquisitions are performing well.

Ultra's balance sheet remains strong. The acquisition of the Electronics Products Division of Kratos for up to \$265m announced on 1 June 2015 is to be financed using Ultra's existing facilities and a new term loan. The transaction will be earnings accretive during the first full year. Net debt/EBITDA following the transaction will be within Ultra's guided range and is expected to be comfortably below 2x by 2016 financial year end. There have been no other significant changes to the financial position of the Group from that reported on 2 March 2015.

Ultra will make its interim results announcement for the six months ending 30 June 2015 on 3 August 2015.

**Notice of Capital Markets Event:  
New Organisational Structure & Update on Business Efficiencies Initiative**

Ultra is today holding an investor and analyst event to explain new market segmentation and divisional reporting structures as well as details of its Standardisation & Shared Services initiative. A copy of the slides and script being presented will be placed on the Group's website.

- The business activities within Ultra have been segmented to better reflect the markets that the Group addresses. We have identified eight market segments: Aerospace; Communications; C2ISR; Infrastructure; Land; Maritime; Nuclear and Underwater Warfare. The Group's Cyber capability will run across all these segments.
- The Group's business reporting lines have been changed to be consistent with the market facing segments and the divisions renamed: Aerospace & Infrastructure; Communications & Security and Maritime & Land. The Group will report against these Divisions from the 2015 Interim Results.<sup>1</sup>
- The Group continues its focus on business efficiencies and today outlines further details of the group-wide initiative to standardise systems and some processes to drive business efficiency. It is estimated that the total project costs of about £30m over three years will generate enduring annual efficiency savings of about £20m. The savings

realised will be deployed to self-fund the programme from 2016 to 2018, increase investment in R&D, increase competitiveness and improve profits in the medium term. There will be an initial one-off non-underlying cost of up to £5m in 2015, of which around half will be cash, to cover the programme set-up.

- Ends –

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Footnote 1: The Group will report against these Divisions from the Interim Results 2015 and the restated 2014 comparatives are provided below:

	2014 Old	2014 New
	<b>Aircraft &amp; Vehicle Systems</b>	<b>Aerospace &amp; Infrastructure</b>
<b>Revenue</b>	£140.3m	£198.6m
<b>Profit</b>	£24.6m	£29.6m
<b>Order book</b>	£160.2m	£253.0m
<b>Operating Margin</b>	17.5%	14.9%
	<b>Information &amp; Power Systems</b>	<b>Communications &amp; Security</b>
<b>Revenue</b>	£204.0m	£224.4m
<b>Profit</b>	£29.2m	£37.0m
<b>Order book</b>	£175.9m	£214.5m
<b>Operating Margin</b>	14.3%	16.5%
	<b>Tactical &amp; Sonar Systems</b>	<b>Maritime &amp; Land</b>
<b>Revenue</b>	£369.4m	£290.7m
<b>Profit</b>	£64.3m	£51.5m
<b>Order book</b>	£451.2m	£319.8m
<b>Operating Margin</b>	17.4%	17.7%

**Cautionary Statement:**

*The trading 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 trading 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.*

*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. The Group manages a portfolio of specialist capabilities generating innovative solutions to customer needs. Ultra applies electronic and software technologies in demanding and critical environments ranging from military applications, through safety-critical devices in aircraft, to nuclear controls and sensor measurement. These capabilities have seen the Group's highly differentiated products contributing to a large number of platforms and programmes.

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

- Aerospace
- Communications
- C2ISR
- Infrastructure
- Land
- Maritime
- Nuclear
- Underwater warfare