



press release

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

Ultra acquires specialist sonar provider

Ultra announces that it has acquired 3 Phoenix Inc ("3Pi" or "the company") headquartered in Chantilly, Virginia, for an initial cash consideration of \$70m. Additional payments of up to \$17m will be due subject to earnings growth over the next three years. Ultra has acquired 3Pi from its management team which includes the five founders. All of the management team will stay with the business.

3Pi, which has 182 employees, is a leading supplier of specialist sonar, radar, intelligence, surveillance and reconnaissance products and solutions. The company has a 10 year track record of delivering critical real-time sensor and processing systems, primarily to the US Navy, but also to commercial customers. 3Pi's reputation has been built on creating innovative system engineering solutions and the company has established positions on a number of major naval programmes.

3Pi is a bolt-on acquisition to Ultra's existing Tactical & Sonar Systems Division, with which there are a significant number of internal and external synergies. Integration will occur during 2014 to exploit fully and realise the benefits of these synergies and it is expected that the full accretion of earnings will occur during 2015. The acquisition of 3Pi will be financed using Ultra's existing facilities.

Rakesh Sharma, Chief Executive of Ultra, commented:

"3Pi provides important complementary technologies and products to advance Ultra's strategy of targeting areas of preferential customer spending in the naval sensors, security and intelligence domains. 3Pi is a technology-rich company with an established position in the US market place. Its sonar, anti-submarine warfare, mine detection and electronic warfare capabilities have strong market-facing synergies with Ultra's Avalon, Command & Control, Maritime Systems, Ocean Systems, Sonar Systems and USSI businesses."

– Ends –

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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.