



ULTRA.

Innovating today for a safer tomorrow

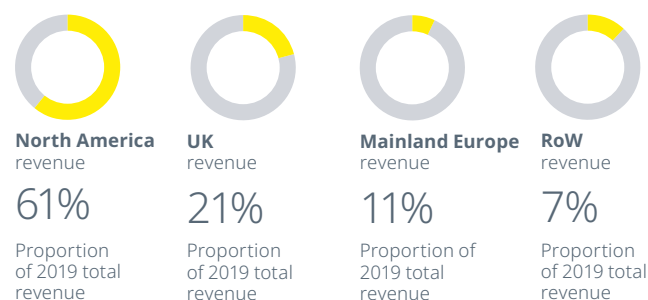
We are applications engineers and trusted partners in the design, development and production of the key elements of mission critical, intelligent and highly regulated systems. We use our strong technology base to detect, distil, direct and deploy data, converted into information, to where it is most needed to support effective and timely decision-making.

Ultra supports a wide range of technologies on many of the world's long-term military programmes. We employ over 4,500 talented people across the globe and are listed on the London Stock Exchange.

What we do

We are a trusted partner in the key elements of mission-critical and intelligent systems. Technology design is our core capability; these technologies are used to detect, distil, direct and deploy data and information to where it is needed most.

Where we operate

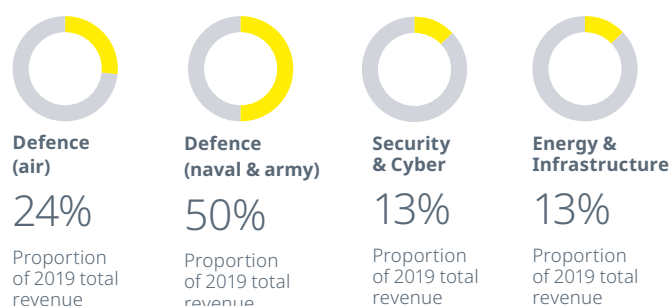


Our global reach

Our core markets are the 'five-eyes' nations: Australia, Canada, New Zealand, UK and USA. This gives us access to the largest and most sophisticated addressable defence budgets in the world.

Our end markets

We operate mainly as a Tier 3 (sub-system) and occasionally a Tier 2 systems provider in the maritime, C4ISTAR-EW*, aerospace, sensors and law enforcement markets.



Financial summary

£m	2018	2019	Organic growth %
Order book	938.9	1,022.9	+4.0
Revenue	766.7	825.4	+7.7
Underlying Operating Profit*	112.7	118.2	+2.9
Profit before tax	42.6	91.0	+3.8
Free cash flow	67.6	72.5	+7.2
Underlying EPS	109.5p	119.5p	+9.1
Return on Invested Capital	16.2%	17.8%	
Net Debt:EBITDA**	2.00x	1.58x	

*Underlying operating profit is before amortisation of intangibles arising on acquisition, acquisition and disposal related costs, significant legal charges and expenses and, for 2018 and earlier, the S3 programme and impairments. See note 2. Underlying operating margin is the underlying operating profit as a percentage of revenue.

**Net Debt including IFRS 16 lease liabilities and pension liabilities.

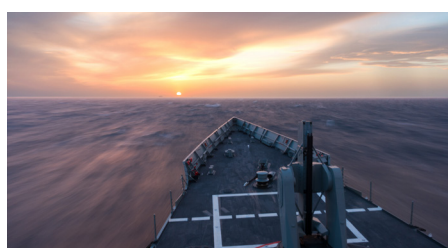
Our top customers

We partner with the US Department of Defense (DoD), the UK Ministry of Defence (MoD) and other aerospace, defence and critical infrastructure providers both directly and through prime contractors.

US DoD	Pratt & Whitney
UK MoD	General Dynamics
Lockheed Martin	US Bureau of Alcohol, Tobacco,
Boeing	Firearms & Explosives
BAE Systems	Thales
Northrup Grumman	

Direct and indirect sales to the DoD and MoD accounted for 53% of 2019 revenue.

Our Strategic Business Units

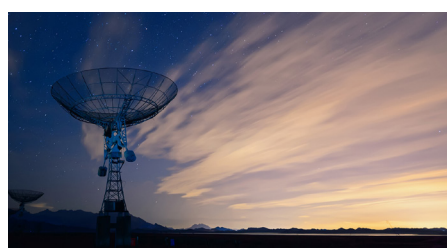


Maritime

(43% of Group revenue)

Experts in maritime mission systems, including: sonar, radar, acoustic expendables, signature management and power systems.

We are a strategic partner of 'five-eyes' defence customers, focusing on mission-centric equipment, systems and support, delivering critical advantage to our customers operating in the uniquely challenging maritime environment.



Intelligence & Communications

(27% of Group revenue)

Experts in mission-critical, multi-domain intelligence, communications, command and control, cyber security and electronic warfare.

Our innovative solutions deliver information advantage globally through the intelligent application of integrated technologies.



Critical Detection & Control

(30% of Group revenue)

Precision Control Systems designs and supplies market-leading safety and mission-critical solutions mainly in military and commercial aerospace.

Energy focuses on the design and supply of safety-critical sensors and control systems.

Forensic Technology is a world leader in the design and supply of highly sophisticated optical imagery systems, together with database management and data analytics software to prevent and solve crime.

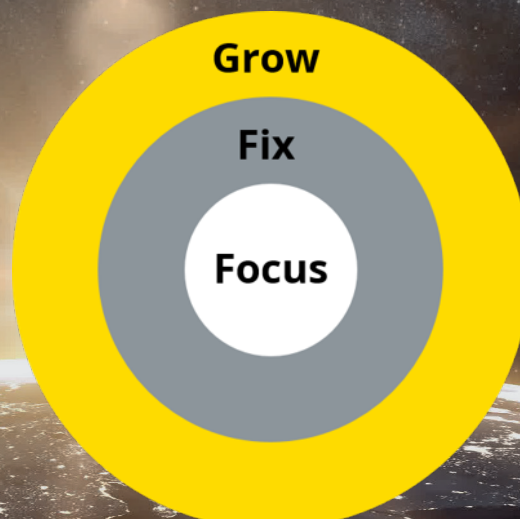
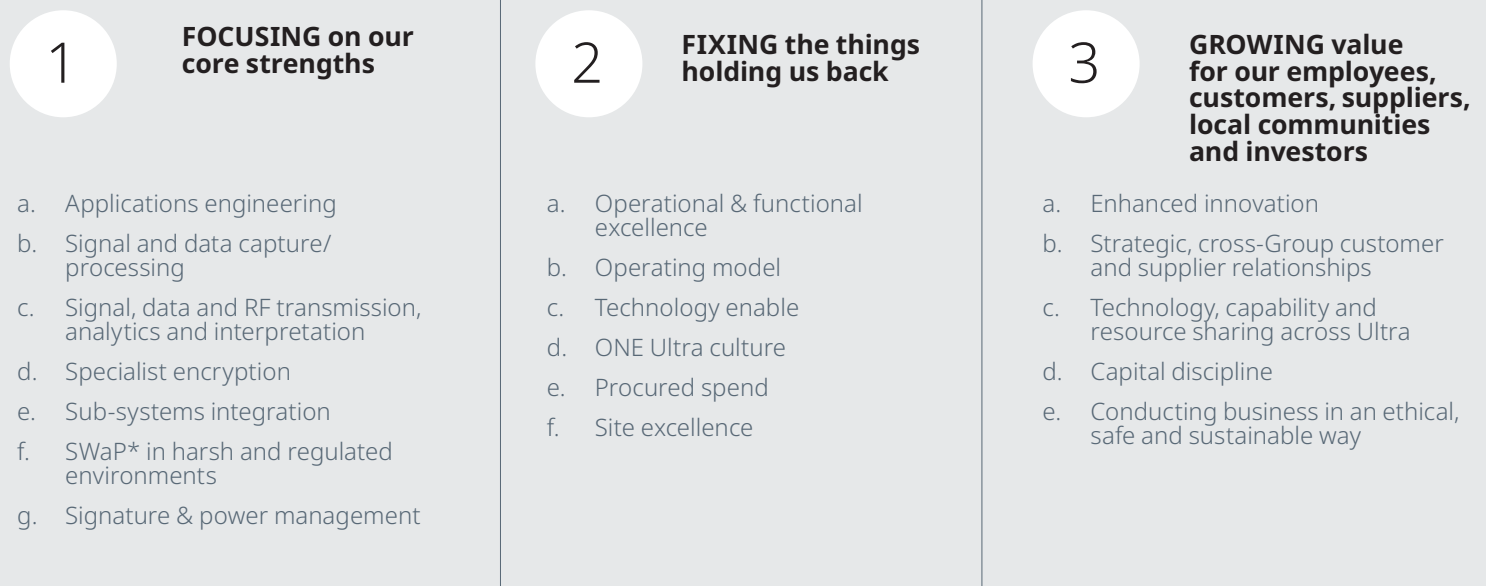
Our transformation journey to become **ONE Ultra**

We are making good progress to become ONE Ultra, which will deliver balanced growth and long-term value creation for our stakeholders through:

1. A common vision, mission and set of values that support a collaborative, agile and customer-orientated culture
2. A focused and disciplined strategy pursuing specific applications and opportunities in areas of Ultra current and future technology leadership within clearly defined markets
3. Realising parenting advantage to accelerate growth and improve efficiency and delivery
4. Capitalising on economies of scale, improving and standardising core processes and sharing and adopting best practice
5. Effective strategic relationship building, marketing and cross-selling to customers and end-users
6. Rigorous capital allocation discipline and deployment to support innovation and exceptional long term value creation



Our transformation programme involves:



Our investment case

1

An agile player in growing markets

- Long cycle defence markets with stable through cycle growth above the market
- Strong exposure to US defense spend
- Five-eyes maritime multi-mission, intelligence and communications multi-domain defence – CAGR 3-6%
- Other security and critical detection and control – CAGR 2-4%
- Opportunities for share gain

2

Sustainable technology and cost advantage

- Application engineering of mission critical sensing and control systems
- Development spend (customer & internally funded) c.20% of revenue
- Materially lower fully absorbed engineering cost per hour vs traditional primes

3

Capabilities to address areas of future customer focus

- Maritime, near-peer threats, particularly Anti-Submarine Warfare
- Multi-domain, real time, on-demand, secure information delivery in a contested environment
- Delivering greater functionality and capability in a continually reducing size, weight and power envelope
- Leading software, data processing and algorithm capability

4

Robust business model

- Good visibility from long term contracts and lag to US defence outlays
- Asset light with broad technology, platform and product exposure
- Well diversified: Top 10 contracts account for 14% of 2019 revenue
- Continuous dividend growth and strong liquidity position

5

Transformation programme to accelerate growth and improve operational performance

- Launched in January 2020, multi-year investment with all costs taken 'above the line'
- Opportunity for medium term margin improvement and increased investment to support growth

6

Cash generative model pivoting to focus on sustainable value creation

- Through cycle cash conversion of 90-100%
- Rigorous return-based capital allocation discipline with long term EBITA ROIC target over 20%
- ONE Ultra delivers share gains, accelerated growth, performance improvement and operational leverage



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