



ULTRA.

Innovating today for a safer tomorrow

Ultra provides application-engineered solutions in the key elements of mission critical and intelligent systems. Through innovative problem solving, using sustainable capabilities, and evolving technologies, we deliver outstanding solutions to our customers' most complex problems in defence, security, critical detection and control environments.

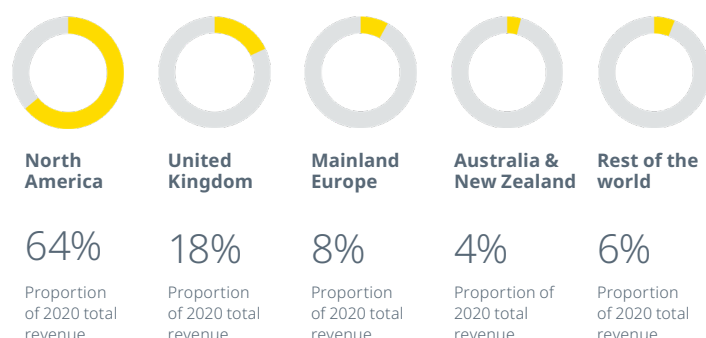
We support a wide range of technologies on many of the world's long-term military programmes. We employ over 4,500 talented people across the globe and are listed on the London Stock Exchange.

What we do

We are a trusted partner in the key elements of mission-critical, intelligent and highly regulated 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.

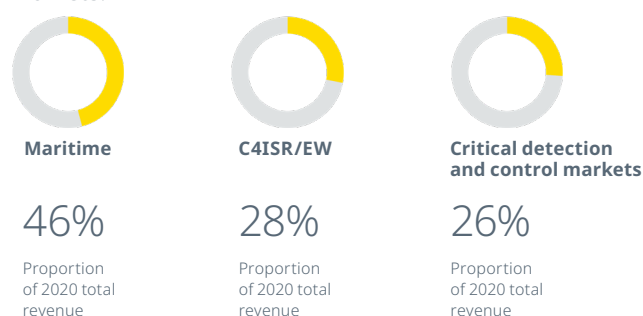
Our global reach: where we operate

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

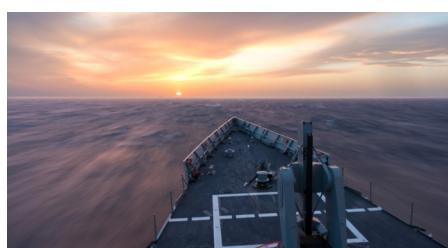


Our markets

We operate mainly as a Tier 3 (sub-system) and occasionally a Tier 2 systems provider in the maritime, C4ISR/EW*, military and commercial aerospace, nuclear and industrial sensors markets.



Our Strategic Business Units

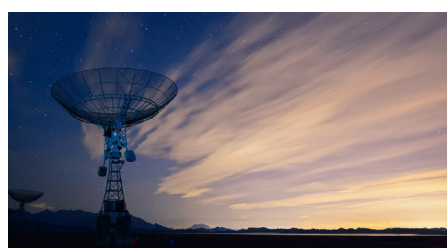


Maritime

(46% of Group revenue)

We deliver leading multi-mission solutions to protect our 'five-eyes' navies. Our market-leading mission systems deliver dominance in the maritime domain. Our broad portfolio of capabilities is operational on fleets across the allied navies worldwide.

We develop advanced specialist systems to deliver warfighting edge in the modern maritime and underwater battlespace. These provide critical operational advantages to our defence customers across surface, sub-surface and unmanned platforms.



Intelligence & Communications

(28% of Group revenue)

We deliver the intelligence that informs decision-making in the most challenging environments through mission-critical, multi-domain communications, command and control, cyber security and electronic warfare.

Our innovative solutions provide information advantage through the intelligent application of integrated technologies, combined with through-life support service, ensuring those operating in high-threat environments have the intelligence they need to carry out their missions safely and effectively.



Critical Detection & Control

(26% of Group revenue)

Precision Control Systems designs and supplies high-integrity mission- and safety-critical products and systems for the most challenging situations.

Energy focuses on the design and supply of safety sensors and systems in nuclear and selected industrial applications worldwide.

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.

Financial summary

£ m	2020	2019	Organic growth %
Order book	1,064.2	1,022.9	+5.9
Revenue	859.8	825.4	+5.2
Underlying operating profit*	126.1	118.2	+6.2
Underlying operating margin*	14.7	14.3	+40bps
Profit before tax	103.7	91.0	+14.0
Underlying operating cash flow	116.1	86.8	+33.8
Underlying EPS	130.6p	119.5p	+9.3
Dividend per share	56.9p	54.2p	+5.0
Return on Invested Capital (%)	20.0	17.8	
Net Debt to EBITDA**	1.05x	1.58x	

*Underlying operating profit is before amortisation of intangibles arising on acquisition, acquisition and disposal related costs, significant legal charges and expenses. 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	Australia DoD
BAE Systems	US Bureau of Alcohol, Tobacco, Firearms and Explosives
Boeing	
Northrup Grumman	

Direct and indirect sales to the DoD and MoD accounted for 56.2% of 2020 revenue.

Our investment case

1.

An agile player in growing markets

- + Long-cycle defence markets with stable through-cycle growth
- + Well positioned to grow above core defence markets
- + Maritime five-year CAGR 2–4%
- + Intelligence & Communications five-year CAGR 3–5%
- + Other security and critical detection and control five-year CAGR 2–4%
- + Opportunities for share gain and expansion into adjacent and new markets

2.

Sustainable technology and cost advantage

- + Strong technology base, well aligned to future areas of growth
- + Leading software, data processing and algorithm capability
- + Application engineering of mission-critical sensing and control systems
- + Development spend (customer and internally funded) c.20% of revenue
- + Materially lower fully absorbed engineering cost per hour vs traditional primes

3.

Well positioned to capture segment growth

- + Ultra's core capabilities relevant to future customer priorities:
 - + Combatting near-peer threats
 - + Countering asymmetric threats
 - + Doing more with less
 - + Accelerating detect to deploy
 - + Mission-enabling sensing
 - + Quantum extreme value statistical analysis

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 with our top 10 contracts accounting for 21% of 2020 revenue
- + Strong installed base with stable aftermarket and services revenue

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
- + ONE Ultra will deliver accelerated growth, performance improvement and operational leverage

6.

High return model with strong cash flow

- + Through-cycle cash conversion of 90–100%
- + Low capital business model, with long-term ROIC for existing businesses of over 20%
- + Capital allocation model supporting dividend growth

Our transformation journey to become **ONE Ultra**

Good progress in 2020. Accelerating into 2021.

Through our Focus; Fix; Grow plan we are transforming from a collection of disjointed businesses to become ONE Ultra.

ONE Purpose: Innovating today for a safer tomorrow.

ONE Vision: To be a leading partner delivering outstanding solutions to customers' most complex problems in defence, security, and critical detection & control.

Our 2024 Stakeholder goals:



Employees

Create a dynamic, inclusive and inspiring work environment that attracts, develops and retains the best diverse talent pool.



Customers

To partner with customers, delivering innovative solutions that create 'win-win' outcomes for all parties.



Suppliers

Develop Group-wide partners with like-minded values that provide best-value solutions, technical innovation and support mutual success, fairness and respect.



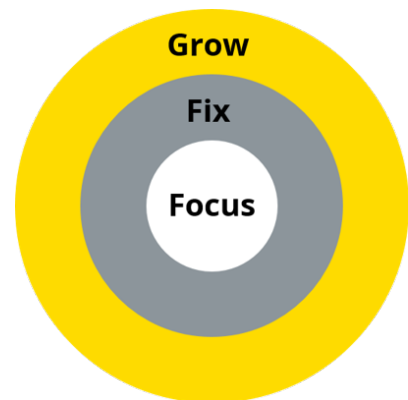
Communities

To conduct business in an ethical, safe and sustainable way, acting as a positive force and making an active contribution to our communities.



Investors

Deliver outstanding through-cycle value for shareholders, through effective execution of Ultra's strategy.



Our Technology

17% of Ultra's total revenue in 2020 was spent on research and development.

Today, a backdrop of geopolitical tension and economic headwinds is changing the priorities for defence investment across 'five-eyes' nations.

We engage with our customers at a strategic level to ensure our technology roadmaps align with their future needs.

Changing defence capability focus areas:

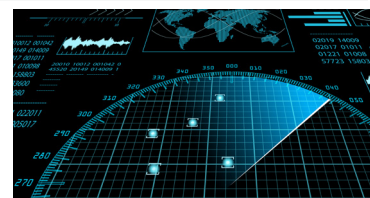
Combatting near peer threats	Countering asymmetric threats	Doing more with less
Accelerating detect to deploy	Mission enabling sensing	

Ultra's technology development plans align with our customers changing defence priorities. This focused approach, and our strong presence in large, stable markets will support our continued out-performance in our core growing markets.

Where we are investing

Federated and multi-domain analytics

We are enhancing our capabilities to transform multi- and cross-domain big and complex data into actionable information.



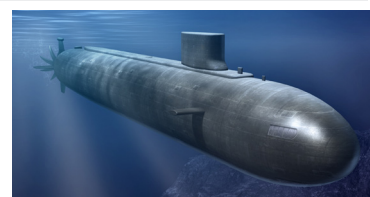
Adaptive cognitive networking and situational awareness

We are developing distributed and real-time Machine Learning capabilities into mission critical and ad-hoc mesh networks.



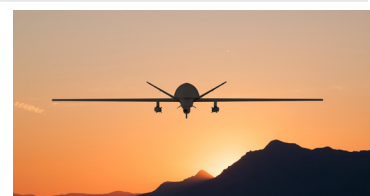
Next-gen anti-submarine warfare

We are investing in unmanned delivery and monitoring systems, as well as increasingly sophisticated sensors with embedded analytics



Systems enabling autonomous, persistent operation

We are building a standard suite of core capabilities to support autonomous operations, from automated deployment systems to intelligent detection and discrimination.



A Positive Force

We believe that the only way we can deliver sustainably for all our stakeholders is through consistent alignment and focus on conducting our business ethically, responsibly and sustainably.

We live in an ever changing, unpredictable, interconnected and risky world. To protect our society in a sustainable way, our customers are seeking solutions to a constantly increasing range of problems that the rapidly expanding and evolving threat environment is creating.

At Ultra, we believe that this is the very definition of sustainability and what we partner with customers to deliver. Together, with strong ethics, values and high levels of oversight and regulation, defence is therefore a key element in enabling the free world.

In 2020 we launched 'A Positive Force', our commitment to a sustainable future, which focuses on three core areas.

Supporting our people (Stakeholders)

Diversity and
inclusion

Developing our
people

Health and wellbeing

Protecting our planet (Environment)

Climate change,
energy and emissions

Pollution, waste,
biodiversity and
habitat

Our technology
and products

Giving back (Communities)

Donations and
funding

Giving back
framework

For more information on each of our core areas, follow the link below to access our latest Sustainability Report:



Innovating today
for a safer tomorrow.



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