



press release

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27 June 2018

Ultra Electronics Holdings plc

("Ultra" or "the Group")

Pre-Close Trading Statement

Ultra, the international defence, security, transport and energy Group, today issues its pre-close trading statement, ahead of its Interim Results for 2018.

The majority of the Group's operations have had better than anticipated order intake and are expected to deliver half-year revenue and operating performances broadly in line with management expectations. Herley, however, continues to be impacted by cost overruns on development contracts, which are partly customer driven. While Herley anticipates some recovery in the second half of the year, management now anticipate that the expectations for the Group's operating profit at constant currencies for the full year will be reduced by £4m-£6m.

The order book at £972m at the end of May was strong with the opening order cover for the second half expected to be higher than in recent years. We continue to expect to see organic revenue growth.

As previously guided, the Group's cash performance will be more heavily weighted to the second half of the year. For the full year, current expectations are for cash conversion of 70-75%. This is due to increased working capital requirements given the higher order book and revenue.

The overall market background for Ultra is more positive, reflecting in particular the improving US defence market.

Ultra's interim results announcement for the six months ending 30 June 2018 will be on 6 August 2018.

Simon Pryce, Chief Executive Officer, said:

"Although I have only been CEO for a few days, I am excited by what I have seen. It is clear that the Group has a strong and relevant technology base and a range of specialist capabilities supporting a broad number of long term platforms and programmes. We are well positioned in areas of priority spend with significant exposure to the strengthening US defence budget which is reflected in our growing order book.

"Whilst individual programme problems clearly detract from an otherwise broadly satisfactory first half, the team are focussed on addressing operational, programme and customer issues whilst continuing to win new business."

- Ends -

Enquiries:

Ultra Electronics Holdings plc

Simon Pryce, Chief Executive Officer

020 8813 4307

Amitabh Sharma, Group Finance Director

Susan McErlain, Corporate Affairs Director

07836 522 722

MHP Communications

James White

020 3128 8756

www.ultra-electronics.com

NATURE OF ANNOUNCEMENT

This announcement has been prepared solely to provide additional information to enable shareholders to assess Ultra's strategies and the potential for those strategies to be fulfilled. It should not be relied upon by any other party or for any other purpose.

This announcement contains certain forward-looking statements. Such statements are made by the Directors in good faith based on the information available to them at the time of their approval of this report, and they should be treated with caution due to the inherent uncertainties underlying such forward-looking information.

This announcement has been prepared for the Group as a whole and therefore gives greatest emphasis to those matters which are significant to Ultra when viewed as a complete entity.

Further information about Ultra:

Ultra Electronics is an internationally successful defence, security, transport and energy company with a long track record of development and growth. The Ultra 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 Ultra 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 Ultra 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 Ultra 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 Ultra Group's three divisions, Ultra operates in the following eight market segments:

- *Aerospace*
- *Land*
- *Communications*
- *Maritime*
- *C2ISR*
- *Nuclear*
- *Infrastructure*
- *Underwater Warfare*