

Focus; Fix; Grow - ONE Ultra

London

23 January 2020

Key takeaways from today...

Team	Enhanced team, capable and relevant experience
Strategy	Clarity and a plan to deliver
Market	Good momentum and opportunity
Growth	Strong technology base, aligned with demand, winning business, healthy order book
Resilience	Visibility, platform/customer diversity
Performance	Opportunities to accelerate growth, improve delivery and efficiency over time
Returns	Emphasis on value creation, cash generation and EBITA ROIC

...ONE Ultra is a really exciting opportunity

What we are going to cover...

<p>The team Ultra, the background and opportunity Focus Fix; Grow</p>	<p>Simon Pryce, CEO</p>
<p>Market dynamics</p>	<p>Richard Cashin, Strategy Director</p>
<p>Maritime</p>	<p>Thomas Link, SBU President</p>
<p>Break</p>	
<p>Intelligence & Communications</p>	<p>Mike Baptist, SBU President</p>
<p>Other specialist businesses</p>	<p>Richard Cashin Strategy Director</p>
<p>First Impressions</p>	<p>Jos Sclater, CFO</p>
<p>Future aspiration</p>	<p>Simon Pryce, CEO</p>
<p>Technology showcase</p>	

The team...

Enhanced team...



Simon Pryce
CEO
Appointed: 2018



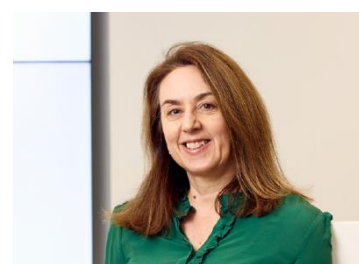
Jos Sclater
CFO
Appointed: 2019



Richard Cashin
Strategy Director
Appointed: 2019



Steve Izquierdo
HR Director
Appointed: 2018



Louise Ruppel
General Counsel &
Co Sec
Appointed: 2019



Thomas Link
Maritime SBU
President
Appointed: 2018



Mike Baptist
Intelligence &
Communications SBU
President
Appointed: 2007

...supporting strong operational leadership

Ultra, the background and opportunity

Simon Pryce
CEO

Beginning 2019, plenty of potential...

	Status	Comment
Technology	Yellow	Areas of domain expertise, but wide range of technology/capability, thinly spread
Culture	Red	Local autonomy, poor collaboration, internal competition, tactical
People	Yellow	Strong engineering talent, weaker functional capability and limited investment in people
Strategy	Red	Electronics Holdco (?), short term revenue, margin, EPS focus
Markets	Green	Cyclical, positive tailwinds
Operations	Red	Site based BU, financial oversight, weak integration, under-invested in IT infrastructure, processes and systems
Performance	Yellow	Some delivery issues and negative surprises
Capital/ resource discipline	Red	Weak...£500m invested 2012-18 in flat markets, no revenue growth, margin and material ROIC decline

...needed focus and fixing

We've spent 2019 developing a vision for ONE Ultra...

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1 Define what we do and how we create value

2 Identify where we can deliver parenting advantage

3 Review portfolio to align with value creation potential

4 Create a vision for ONE Ultra

5 Build a strategy aligned to our vision

6 Design the organisation to support strategic delivery

...and a roadmap to deliver its potential

This is what we're trying to achieve in phase one...



Culture & talent

Right culture & people to succeed

Enhance functional capability



Operating model

Organisation fit for delivery

Increased IR&D to enhance technology base



Operational improvement

Common, and improved high-level processes

Efficient deployment of our critical resources / shared services



Infrastructure

Technology supporting collaboration

Improved MIS to support more effective decision making

...making progress, increasing the pace

ULTRA.

Focus...

Creating a cohesive solutions provider

ULTRA

What we do

We are a trusted partner in the key elements of mission critical & intelligent systems:



What we specialise in

- Applications engineering
- Signal and data capture/processing
- Signal, data and RF transmission, analytics and interpretation
- Specialist encryption
- Sub-systems integration
- SWaP in harsh and regulated environments
- Signature & power management

Where we operate

- Five eyes defence - maritime, communications and intelligence
- Other defence where we can apply modular solutions
- Other selected, highly regulated and harsh environment detection and control markets

How we will enhance value



- Accelerate growth
- Operational efficiency
- Value discipline

...by focusing, fixing & growing

ULTRA

Why we exist?

Innovating
today for a safer
tomorrow.

Our vision

A leading partner
delivering outstanding
solutions to customers'
most complex problems
in defence, security,
critical detection &
control.

Our values



Agile

We embrace change - adapting to the conditions and making decisions at the right level.



Sharing

We win as a team - sharing ideas and resources to achieve great things.



Performing

We are relentless about quality - we're never satisfied until we've done what we said we'd do.



Innovating

We're open and questioning - and we challenge each other to think in new ways.



Rewarding

We love to celebrate success - seeking out and rewarding positive contributions at every level.



Empowering

We trust and empower each other - acting safely, ethically and with integrity..

ULTRA.

Our mission



Creating value for all stakeholders...

Employees	Customers	Suppliers	Communities	Shareholders
Winning culture Investing in people Strengthened capability Diversity & inclusion	Supplier of choice Delivering on commitments Agile, flexible & responsive Investment & innovation	Long-term partnering approach Focus on total cost of supply	Clear ESG strategy Managed environmental impact Ethical, safe, sustainable behaviour Community contribution	Clear strategy Parenting advantage Managed risk taking Disciplined resource allocation

...with clear measures defining success

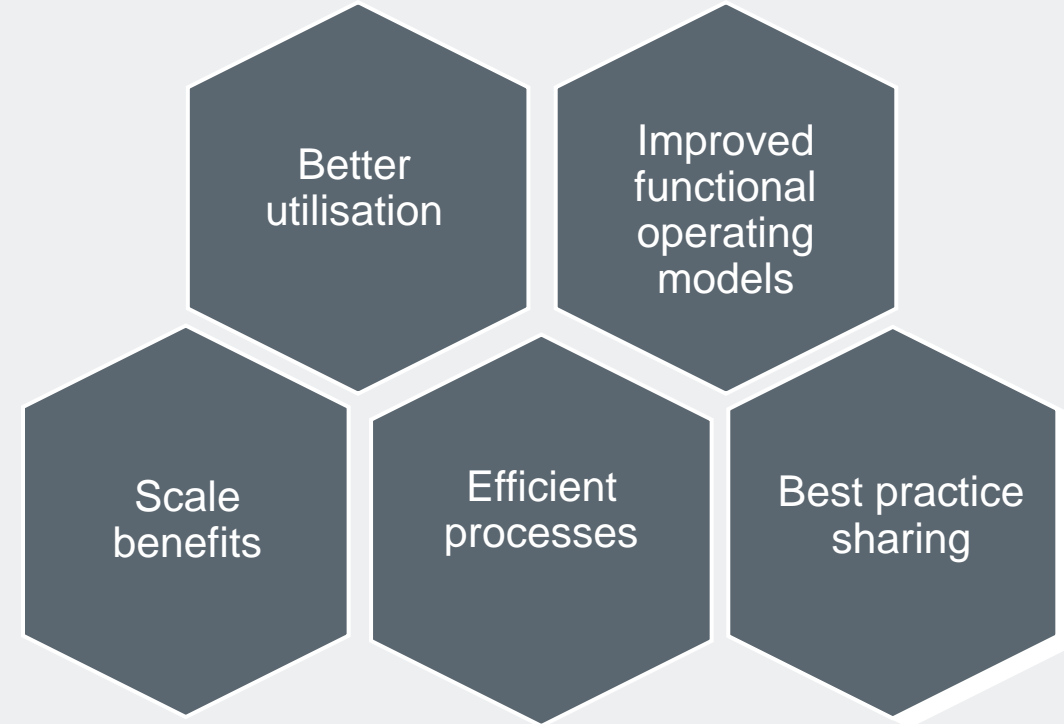
Delivering parenting advantages...

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Greater opportunity:



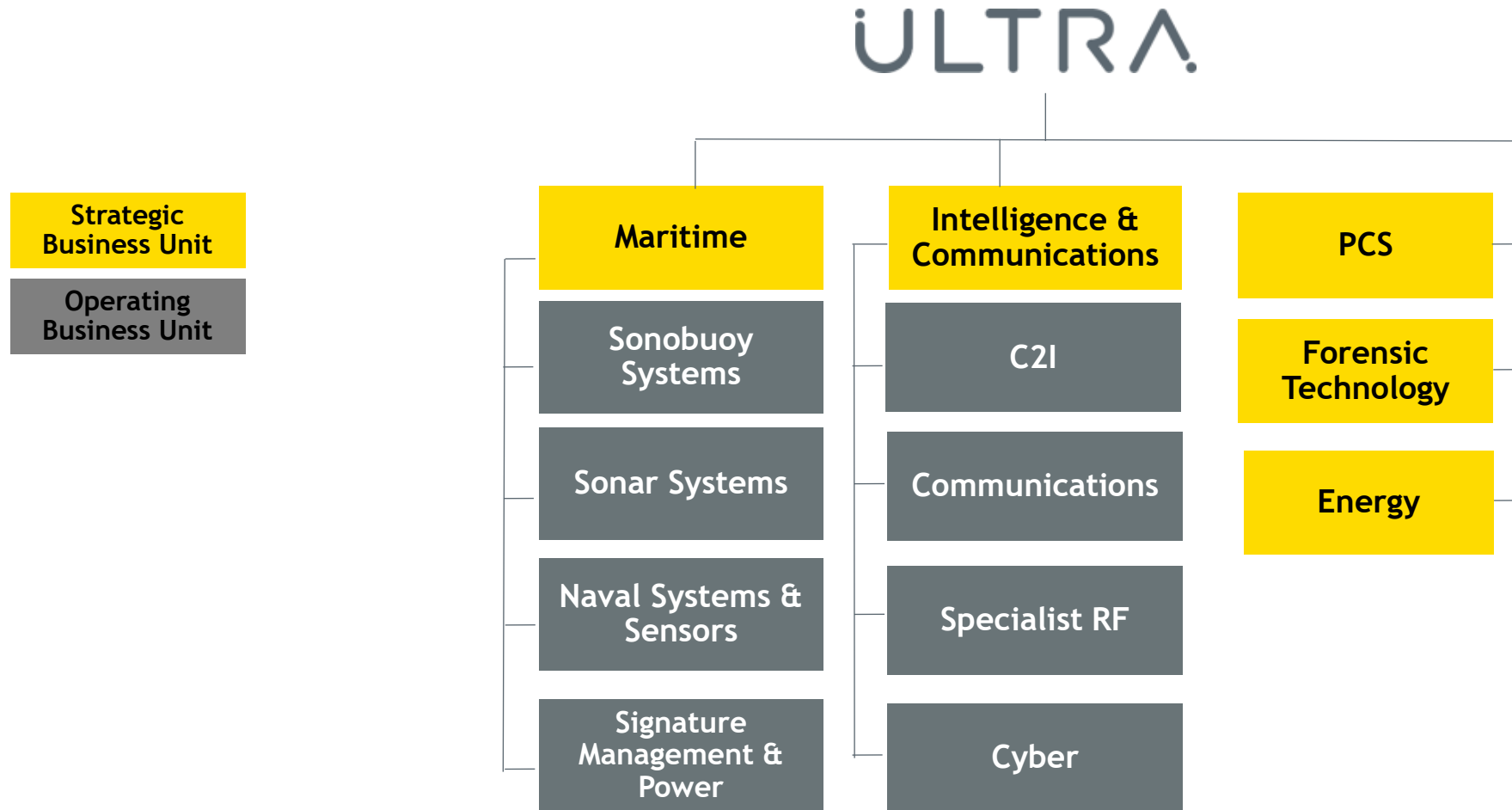
Greater efficiency:



...for enhanced performance

Organisation evolution from 2021...

ULTRA



...supporting strategic execution

Fix & Grow...

Solid progress on Fix initiatives...



Culture & talent

VMV and cultural transformation

Aligning people, development & reward to strategy

HR process standardisation and IS



Operating model

Organisation redesign, functional evolution

Capability mapping, role specification and matching

Objectives, measures, goals definition, alignment, deployment



Operational improvement

Process improvement accelerating

Risk focussed commercial management

IR&D investment/innovation/discipline/oversight



Infrastructure

IT infrastructure investment

MIS/data architecture

Application and infrastructure standardisation

...costs taken within business, good payback

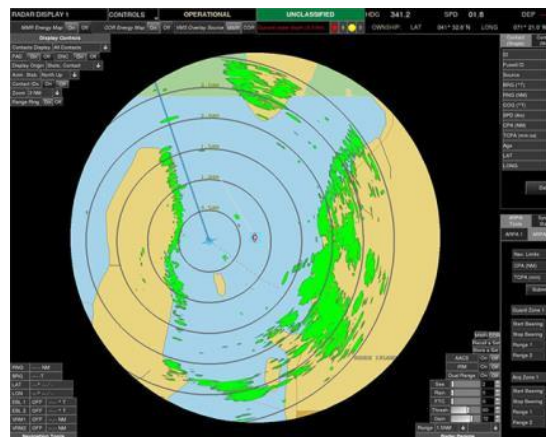
Grow: Parenting advantage already delivering new programmes...



Canadian Surface Combatant

Technology sharing:

Canada
Australia
U.K.
U.S.A.
(Total cumulative value could be worth > \$500m)



Radar Systems

Technology investment:

\$101m IDIQ for Submarine navigation radar



MK 54

Technology investment:

Over \$88m cumulative value with 3 option years remaining



Orion Radio IDIQ

Innovation:

Second large order under \$500m IDIQ for \$30m, more potential

...confidence in direction of travel

Attractive growth dynamics in key markets...

Richard Cashin
Strategy, M&A and
Business Development

We focus on 'Five Eyes' Maritime and Intelligence & Communications defence

Maritime Defence

2018 market:

£5.1bn

- Underwater expendables
- Sonar systems
- Signature management & power systems
- Radar systems

C4ISTAR-EW

2018 market:

£3.1bn

- Communications
- C2 & Intelligence
- Cyber
- Specialist Radio Frequency

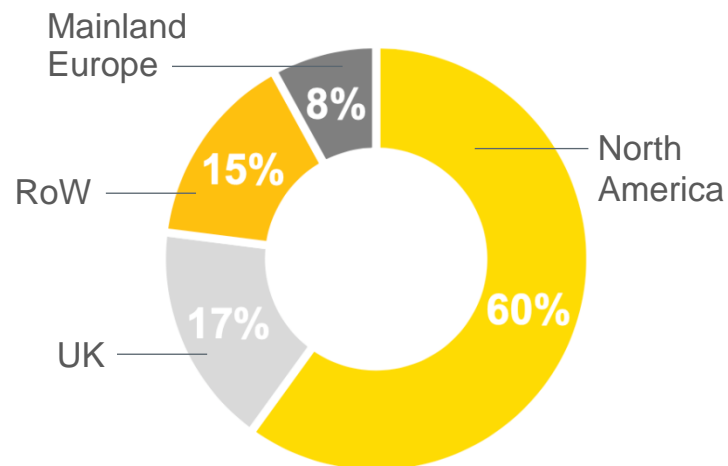
Specialist businesses

- Commercial aerospace
- Nuclear power generation
- Ballistics identification

...large and growing markets

Significant US presence...

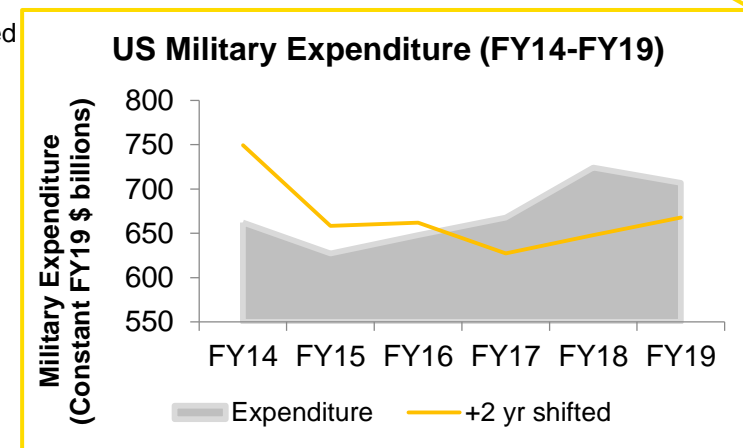
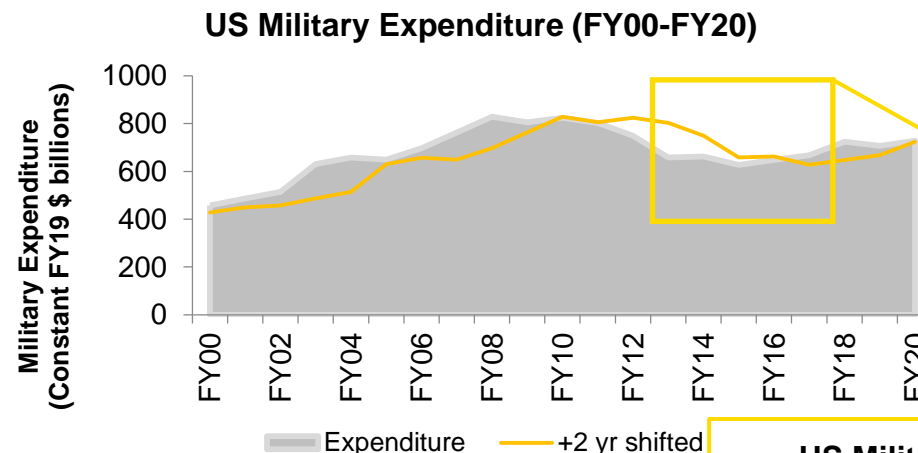
Core defence revenue split (2018):



Resilient revenue base

- Top ten contracts accounted for 12% of 2018 revenue
- Top ten platforms accounted for 18% of 2018 revenue

US Department of Defence budget



...the largest global defence market – with a strong tailwind

Market growth driven by threat environment



- Threat environment / adversary balance
- Technology leapfrog
- Platform extension / upgrade (short term need vs long term affordability)
- Evolving focus:
 - Interoperability / multi-domain capability
 - Data & information
 - Agile command & control
 - Denied / contested domains
 - Complex simulation
- Developing practice:
 - Innovation challenge and COTS
 - Contracting / procurement
 - Teaming
 - Security / assurance across supply chain

- Strong positions on 787 & JSF
- Life extensions on nuclear power installations
- Relentless and global increase in gun crime

...good visibility over the next three years

Strategic Business Unit strategies

SBU Presidents

Maritime

Thomas Link
SBU President



A Maritime focused...

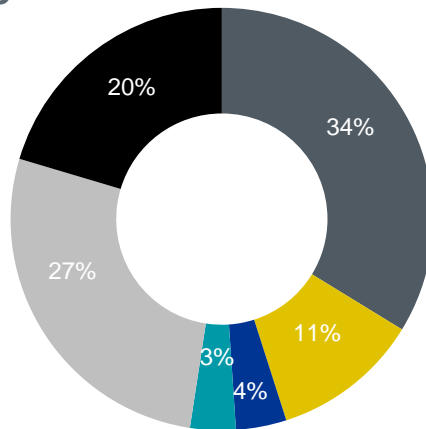
Core capabilities

- Experts in **maritime mission systems, and application engineering solutions** provider in sonar, radar, expendables, signature management, and naval power systems
- Providing transducers/sensors, data capture/telemetry, processing, and maritime mission-centric integrated solutions including support
- A trusted & strategic partner for low Size, Weight, and Power (SWaP) equipment and systems in the maritime defense domain

Revenue by category (2018)

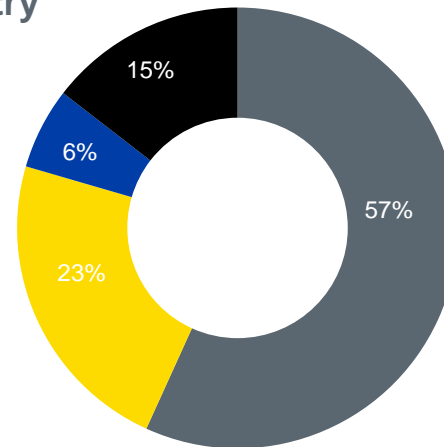
By customer type

- North America DoD
- UK MoD
- Australia DoD
- Other DoD
- Prime Contractor
- Other Industry



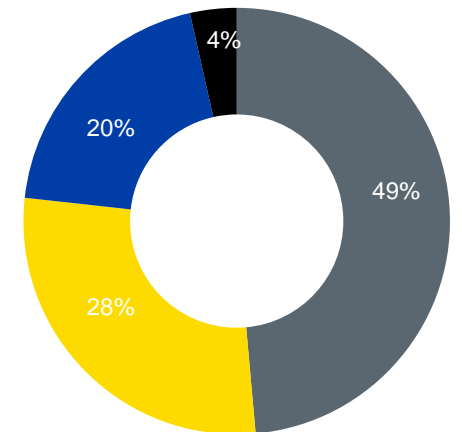
By end-user country

- North America
- UK
- Australia
- RoW



By offering

- UW Expendables
- Sonar Sensors & Systems
- Signature Management & Power Systems
- Radar Systems



... multi-mission solutions provider

A clear strategic focus...

Strategic themes

- Develop core offerings and propositions for **Five Eyes Nations** while leveraging those products for all customers future needs
- Grow market share in the **US**
- Organise and develop resources and teams to deliver our strategic objectives
- Increased focus on after-market support
- **Additional investment** to accelerate strategic objectives



...building market share in growing markets

Underwater Expendables

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Core Propositions

Sonobuoys

- Global supplier of A-Size, G-Size sonobuoy production



Countermeasures

- Primary supplier in the five-eyes of sonar and torpedo countermeasures



Sonobuoys related systems

- Global supplier of sonobuoy receivers
- Sonobuoy processor and pod development Unmanned ASW Systems



Key Customers



Australian Government
Department of Defence
Science and Technology



**Ministry
of Defence**

...low cost production excellence

Strong market position

Market Attractiveness

Market Drivers / Disruptive Changes	<ul style="list-style-type: none"> Increasing competition in US sonobuoy market Countermeasure future requirements in development, but budgets not yet defined Future UAV platforms proliferating, but US program of record currently non-existent
Key Opportunities	<ul style="list-style-type: none"> Current US sonobuoy production Future USN development contracts Current USN countermeasures and NGCM

Growth Potential

Well positioned	<ul style="list-style-type: none"> ERAPSCO JV is sole-source provider of all current US sonobuoys Significant countermeasure development and production Effective sole source for sonobuoy receivers
Focus	<ul style="list-style-type: none"> Investing for independent buoy production Strategic engagement with customer community

Market Outlook

2020 Market Size	Market CAGR (2020 – 2029)	Current Market Share*
£356m	2-3%	Strong

*Niche < 10%, Developing 10% - 25%, Strong > 25%



...significant additional opportunity

Sonar Sensors & Systems

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Core Propositions

Hull Mounted Sonar Systems

- Submarine/ship bow/hull transducers
- Frigate / Corvette hull-mount sonar systems (HW & SW)
- Torpedo nose & specialty transducers



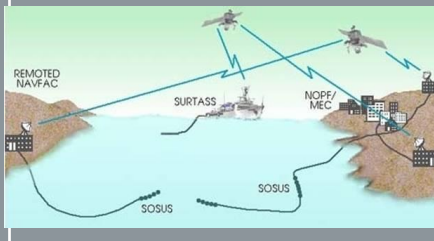
Towed Sonar Systems

- Towed array modules for surface ships, submarines, USVs, & UUVs
- Detection & localization solutions plus soft-kill countermeasures and interface to third-party hard kill platform
- Ship-borne ASW systems



Persistent Sonar Systems

- Long-endurance sonar sensors and systems for permanent emplacement or long-term deployment



Key Customers



BAE SYSTEMS



... a significant opportunity

Niche position today...

Market Attractiveness

Market Drivers / Disruptive Changes	<ul style="list-style-type: none"> • US/UK investing for permanent & deployable systems • Non-US customers focus on subsystem vs. equipment • Growing submarine threats from Russia, China, N. Korea • Top tier navies exploring active torpedo detection/hard kill
Key Opportunities	<ul style="list-style-type: none"> • Canadian Surface Combatant program • Australian SEA5000 Future Frigate • US FFG(X) future frigate • US AN/SLQ-25E Nixie • UK active SSTD

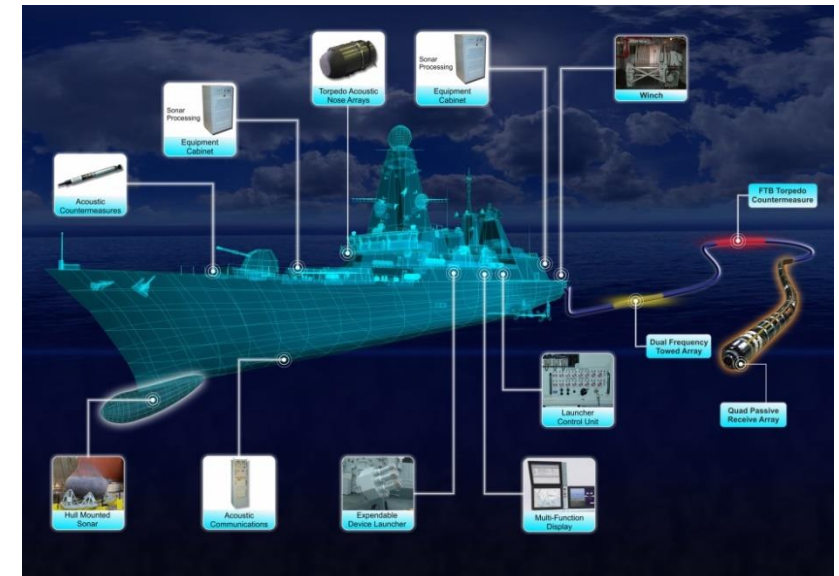
Growth Potential

Well positioned	<ul style="list-style-type: none"> • ISS fuses data from all ship sensors • Experienced with all current US torpedoes • Primary producer of 53C hull mount transducer • Recognized expertise in towed torpedo defense
Focus	<ul style="list-style-type: none"> • Strategic investment in towed arrays • Increased focus within USN S&T community • Enhanced focus on customer satisfaction

Market Outlook

2020 Market Size	Market CAGR (2020 – 2029)	Current Market Share*
£698m	4.0%	Developing

*Niche < 10%, Developing 10% - 25%, Strong > 25%

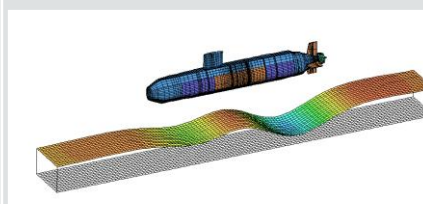


...with collaborative growth potential

Core Propositions

Signature Management

- Primary supplier for signature management for UK submarines



Power Management

- Supplier of naval power conversion & control equipment to US ships, submarines, & USVs



Hybrid Electric Propulsion

- Cruise propulsion supplier for UK naval platforms



Key Customers

GENERAL DYNAMICS

BAE SYSTEMS



Ministry
of Defence

...niche technical capabilities

Signature management & power systems specialism...

Market Attractiveness

Market Drivers / Disruptive Changes	<ul style="list-style-type: none"> Increasing ASW focus drives investment in signature management Threat submarines accelerating US/UK submarine programs Electrification of platforms offers considerable opportunity in Hybrid Electric Propulsion
Key Opportunities	<ul style="list-style-type: none"> UK Signature Management & Main Static Converter US Virginia Class Submarine Circuit D SSNR Main Static Converter & Electric Cruise Propulsion

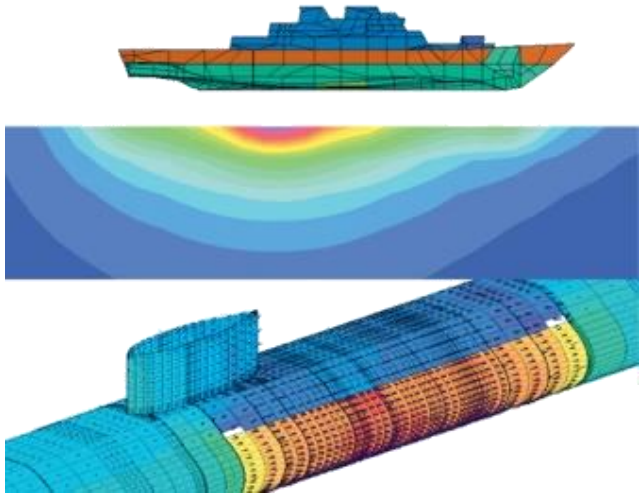
Growth Potential

Well positioned	<ul style="list-style-type: none"> Only turnkey signature management supplier in US Teamed for sole High Temperature Superconducting Degaussing offering Sole source for UK submarine MSC/ECP
Focus	<ul style="list-style-type: none"> Enhanced marketing approach to further coordinate Signature Management offering Solidify unique position in High Temperature Superconducting Degaussing Migrate unique UK technology into US

Market Outlook

2020 Market Size	Market CAGR (2020 – 2029)	Current Market Share*
£115m	3.5%	Strong

*Niche < 10%, Developing 10% - 25%, Strong > 25%



...with technology transfer potential

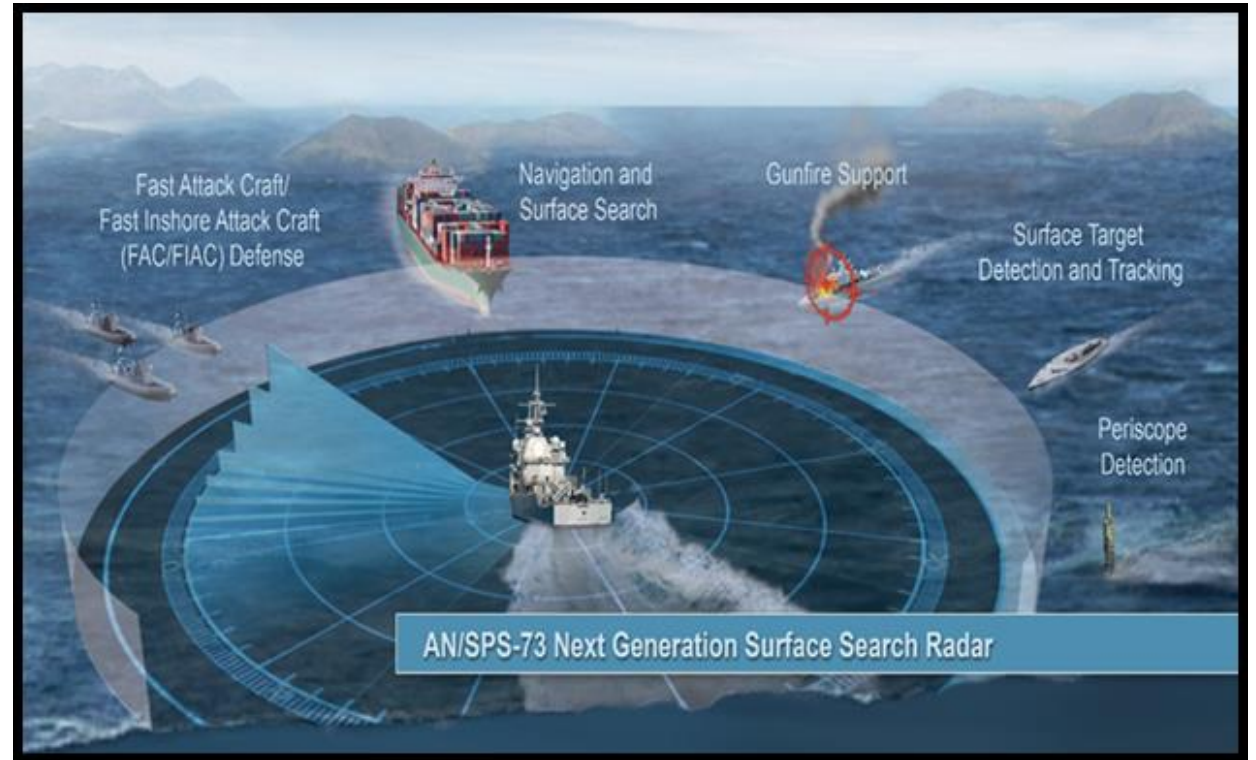
Radar Systems

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Core Propositions

Navigation and Surface Search Radar Systems

- Developer of advanced detection algorithms for small targets in high-clutter environments
- Provider of Next Generation Surface Search Radar (NGSSR) to US Navy for surface ship deployment
- Provider of BPS-17 submarine surface search radar systems



Key Customers



...innovation led market entry

Emerging position in radar systems

Market Attractiveness

Market Drivers / Disruptive Changes	<ul style="list-style-type: none">Recent USN demand for modernized surface search radar replacementUSN budget for innovative improvementsUS market highly competitive with many primes
Key Opportunities	<ul style="list-style-type: none">NGSSR export for non-US customersBPS-17 submarine radarLand-based drone detection

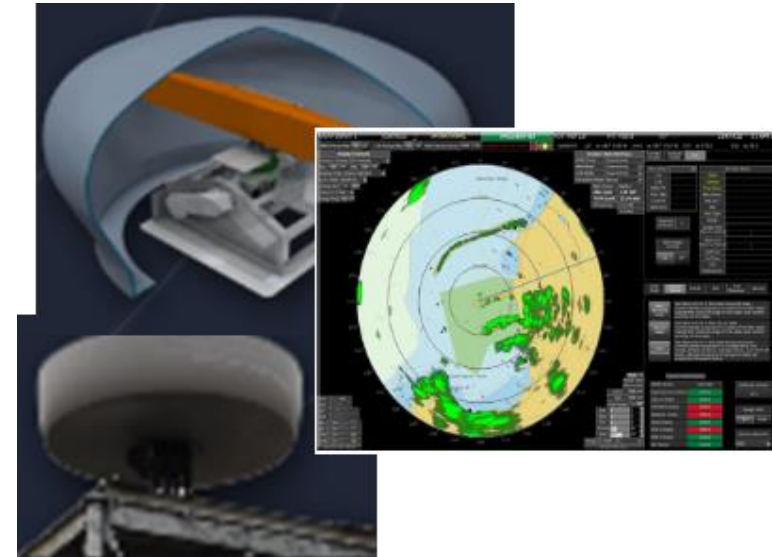
Growth Potential

Well positioned	<ul style="list-style-type: none">Proven attack periscope detectionNear term opportunities reflect US urgent need
Focus	<ul style="list-style-type: none">Execution excellence retains customer confidenceInvest to establish base in phased array radar

Market Outlook (Navigation and Surface Search only)

2020 Market Size	Market CAGR (2020 – 2029)	Current Market Share*
£61m	2.3%	Developing

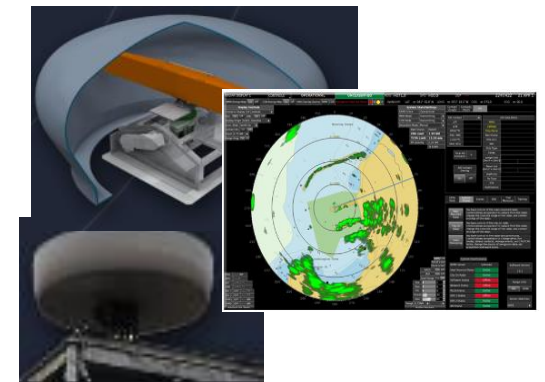
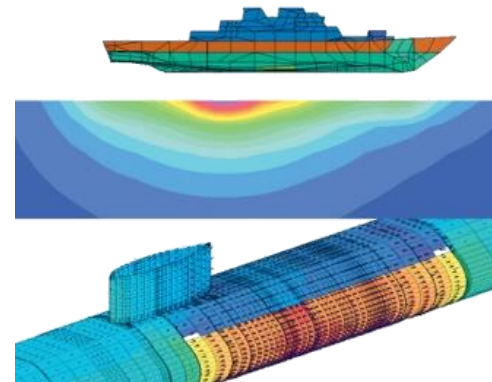
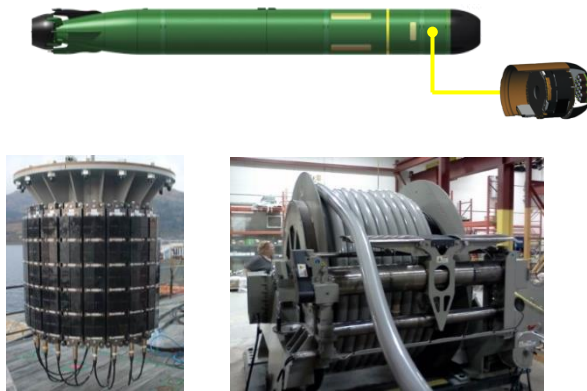
*Niche < 10%, Developing 10% - 25%, Strong > 25%



...with significant potential

Maritime - executing a clear strategy...

Underwater Expendables	Sonar Sensors & systems	Signature Management & Power Systems	Radar Systems
<ul style="list-style-type: none"> • Grow sonobuoy market share • Develop independent, US qualified sonobuoy designs • Additional opportunities in Torpedoes & Countermeasures 	<ul style="list-style-type: none"> • Expand US presence in areas of technology strength • Continue to grow our US transducer market • Grow our non-US Five-Eyes HMS market 	<ul style="list-style-type: none"> • Expand Signature and Power Management global market share about market growth • Establish a position in USN for Hybrid Electric Propulsion 	<ul style="list-style-type: none"> • Successful deployment of Next Generation Surface Search Radar (NGSSR) in USN • Extend capability to related applications • Pursue export opportunities for NGSSR



...building market share in growing markets

Questions & Break

Please use the microphone for the webcast

Break for 10 Minutes

Intelligence & Communications

Mike Baptist
SBU President



Secure multi-domain C3I solutions provider...

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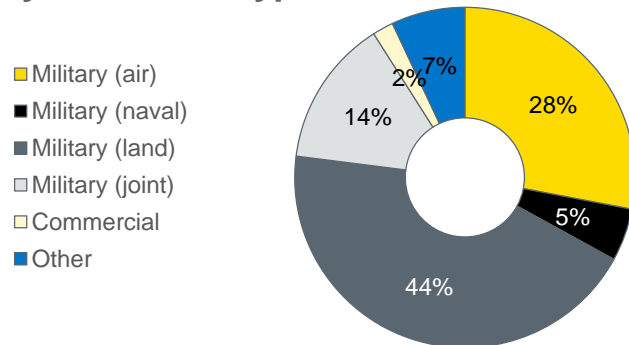
C3I = Command & Control, Communications, Intelligence

Core capabilities

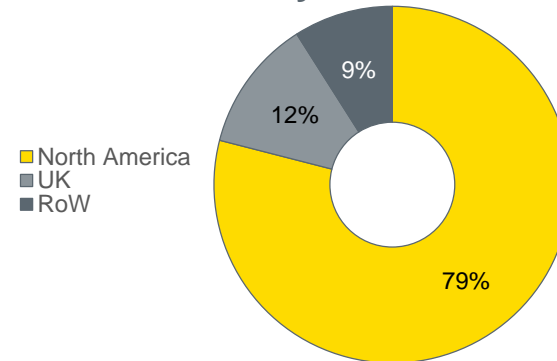
- Experts in multi-domain Command & Control (C2), Intelligence, Communications, Encryption and specialist RF technologies, delivering **Interoperability** and **Information Advantage**.
- World leading tactical radios and airborne datalinks with advanced waveforms, evolving through the use of artificial **intelligence/machine learning (AI/ML)**
- Proven C2 and **situational awareness** system solutions, further enhanced through the application of AI/ML and **cross-domain intelligence capabilities**
- Trusted supplier of classified military **Crypto and Key and Management** that underpin our **Cyber hardened communication solutions**
- **High integrity, small SWaP application specific** RF sensor & flight instrumentation solutions and Electronic Warfare / Radar Test Systems

2018 Revenue by category

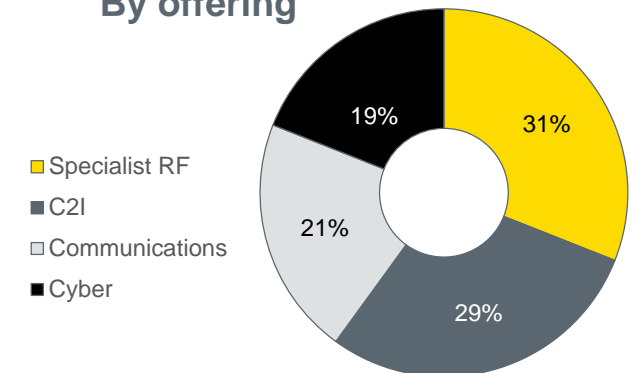
By customer type



By end-user country



By offering



...delivering information advantage

A clear strategic focus

Strategic themes

- Develop our core capabilities for our home markets, and exploit these **interoperable solutions within NATO** to grow our market share
- Focus on **Tier 3 Product / Solutions** to **application specific problems**, and **Tier 2 System / Sub-System Solutions** where we have **domain knowledge** and offer significant value within the solution
- Transform to a **Strategic Business Unit** with **market focused Operating Business Units** with efficient & effective systems & processes
- Increased investment in **innovation and disruptive technologies** to differentiate our offerings and drive long term growth
- Develop long term **strategic relationships** to leverage our position & relationships with key customers



...building market share in growing markets

Core Propositions

Tactical Radios (ORION)

Multi-channel, multi-band tactical radio systems based on 4G, 5G and AI/ML network technologies.



Communications Pod (REAP)

Airborne pod for manned or unmanned aircraft for radio communications between theatre command & edge users.



Specialised Data Links

Secure, long range airborne communication of ISR, C2 and telemetry data.



Key Customers



National Defence



U.S. ARMY



GENERAL DYNAMICS

Raytheon

THALES

...assured connectivity in challenging environments

Market leading position in upper tier tactical radios

Market Attractiveness

Market Drivers / Disruptive Changes	<ul style="list-style-type: none"> US DoD's review of tactical communications networks Critical dependency on US defence budgets Disruptive change from AI/ML-based cognitive radio systems and advanced (5G) commercial technologies
Key Opportunities / Platforms	<ul style="list-style-type: none"> ORION – US Army TRILOS for upper-tier ITN ORION – USMC MRC-142 and USN ATCS ORION – US Army TRILOS Mobile for mid-tier ITN REAP – US Air National Guard development

Market Outlook

Addressable market size	Market CAGR (2020 – 2029)	Current Market Share*
£912m	2-3%	Niche

*Niche < 10%, Developing 10% - 25%, Strong > 25%

Ultra Positioning

Well Positioned	<ul style="list-style-type: none"> US Army TRILOS Program of Record (sole source) Flexible multi-channel Software Defined Radio Unique waveform library for legacy & future interoperability Secured US Air National Guard REAP launch customer
Focus	<ul style="list-style-type: none"> Capturing upper-tier market position into US Secure a position in the mid-tier of the US Army's networks Advanced mesh waveforms leveraging AI/ML and 5G Establishing REAP as a leading airborne communications pod

...significant additional opportunities

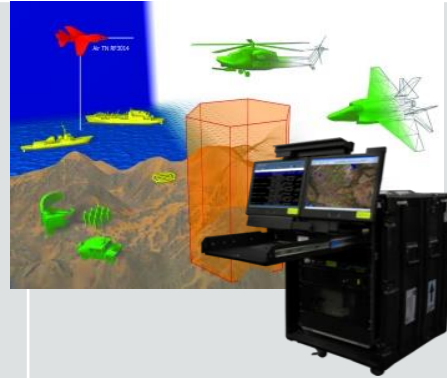
C2 & Intelligence

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Core Propositions

Command & Control Systems (ADSI)

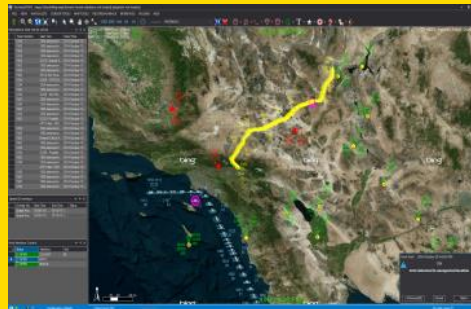
Real-time, network centric command, control and integrated intelligence system for situational awareness, battlespace and tactical data link network operational management.



Multi-Domain Intelligence Systems (MDIS)



AI/ML Information Advantage processing and distribution for National and Tactical Users.



AI/ML Multi-Domain visualization solutions.

Key Customers



GENERAL DYNAMICS

BAE SYSTEMS

NORTHROP GRUMMAN



...multi-domain real-time information

Market Attractiveness

Market Drivers / Disruptive Changes	<ul style="list-style-type: none"> Improved visualisation from distilled data into information Integration of AM/ML decision making information Drive to use national / strategic intelligence at the tactical edge Cross domain information security
Key Opportunities / Platforms	<ul style="list-style-type: none"> USAF RAIN USAF Shelter Growth US MDA – MDIS USN LM Aegis Ashore

Ultra Positioning

Well positioned	<ul style="list-style-type: none"> Proven pedigree and widely deployed ADSI System Highly differentiated functionality USAF sponsor for first to market application of RAIN
Focus Areas	<ul style="list-style-type: none"> Investing in the development and application of AI/ML & Big Data Analytics Improved UI/UX for cross domain visualisation functionality Establishing first to market capabilities

Market Outlook

Addressable market size	Market CAGR (2020 – 2029)	Current Market Share
£197m	3 - 4%	Developing

*Niche < 10%, Developing 10% - 25%, Strong > 25%

...positioned to benefit from application of AI/ML

Core Propositions

Crypto & Key Management

Type 1 / High Grade multi-domain deployable Link and IP crypto solutions. For US & UK Sovereign, NATO interoperability and allies national requirement solutions.

FIPS Accredited network Edge encryption and Hardware Security Modules (HSMs) solutions.

NATO standard key delivery and management solutions.



Classified Projects

Covert solutions for the most demanding applications.



Key Customers



US Army Corps of Engineers.



...trusted supplier for over 60 years

A leader in military high grade/type 1 crypt-key solutions

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Market Attractiveness

Market Drivers / Disruptive Changes	<ul style="list-style-type: none"> • Crypto modernisation and quantum resistant solution • Funding in the UK market has been slow to be allocated • NCSC heavily influencing UK market • Demand for high data rate IP crypto
Key Opportunities / Platforms	<ul style="list-style-type: none"> • ECU RP Additional Devices • Typhoon Crypto Development & Production • Securing cloud operations with Edge Encryption

Market Outlook

Addressable market size	Market CAGR (2020 – 2029)	Current Market Share
£503m	5 – 6%	Niche

*Niche < 10%, Developing 10% - 25%, Strong > 25%

Ultra Positioning

Well positioned	<ul style="list-style-type: none"> • Established lead in UK High Grade Link / Tactical Crypto • US Type 1 single chip crypto development programme • Quantum safe FIPS accredited Edge Encryption • Non-ITAR solutions
Focus	<ul style="list-style-type: none"> • Grow NATO market with our proven Link Cryptos • High data rate IP Crypto development • Complete US Type 1 single chip crypto development • Establish position on US military cloud based operations

...and quantum safe cloud security

Specialist RF (Radio Frequency)

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Core Propositions

Tactical RF Products

High integrity, small SWaP Radar Altimeters, Rugged Datalinks and IFF Systems for UAVs, space launch applications, munitions & targets.



Missile Flight Instrumentation

Leading provider of high integrity flight instrumentation and termination systems for the missile, UAV & target applications



EW Test Systems

Highly specialised in market-leading, multi-spectral threat and countermeasure simulators.



Key Customers

LOCKHEED MARTIN



Raytheon

FMV



SWEDISH DEFENCE MATERIAL ADMINISTRATION

HENSOLDT



Australian Government
Department of Defence

...niche multi-spectral RF product & systems

Specialist in multi-spectral RF technologies

Market Attractiveness

Market Drivers / Disruptive Changes	<ul style="list-style-type: none"> • New specialist platforms under-development (ie hypersonic) • Drive for autonomous flight safety systems operations • Autonomous flight operations • GPS denied all weather environment sensors • Autonomous flight operations • NEWEG (Next EW Emitter Generator) – Open architecture
Key Opportunities / Platforms	<ul style="list-style-type: none"> • Trident Test Kits • Autonomous Flight Safety System • Precision Strike Sensor Core (PSSC) • UK AWC (JANUS)

Ultra Positioning

Well Positioned	<ul style="list-style-type: none"> • Track record on current platforms • Pedigree in ruggedised, high G, small SWaP • Good long term relationships with US Primes
Focus	<ul style="list-style-type: none"> • Continued R&D for established product line refresh • Strategic customer relationships for next gen capabilities • First to market on new autonomous capabilities

Market Outlook

Addressable market size	Market CAGR (2020 – 2029)	Current Market Share
£444m	1-2%	Niche

*Niche < 10%, Developing 10% - 25%, Strong > 25%

...established long term relationships on key programmes

Intelligence & Communications - executing a clear strategy...

Communications	C2 & Intelligence	Cyber	Specialist RF
<ul style="list-style-type: none"> • Capture the US DoD upper-tier of the tactical radio market • Secure a position in the US Army's mid-tier tactical radio market • Establish REAP as a leading airborne communications pod • Secure a position on a next generation fighter aircraft integrated communications solutions 	<ul style="list-style-type: none"> • Expand ADSI's deployment within the US and NATO • Establish a leading position for the application of AI/ML to military C2 solutions • First to market for the RAIN "National to Tactical" cross-domain intelligence capability 	<ul style="list-style-type: none"> • Exploit our existing Crypto capabilities throughout NATO • Secure a position within the DoD for hardware based Edge crypto technology for cloud access • First to market for high data-rate IP crypto within NATO 	<ul style="list-style-type: none"> • #1 supplier of missile telemetry over the period of the plan • Invest in the development and expand our autonomous systems solutions (RALT, FTR and uIFF) • First to market for Precision Sensor Strike Core (PSSC) • Expand into the US market for EW Test Systems
<p style="text-align: center;">← Combine our core capabilities to offer our customers unique value propositions →</p>			

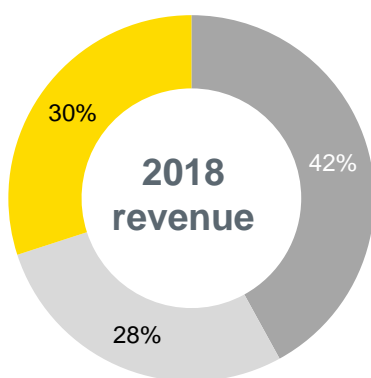
...building market share in growing markets

Other specialist businesses

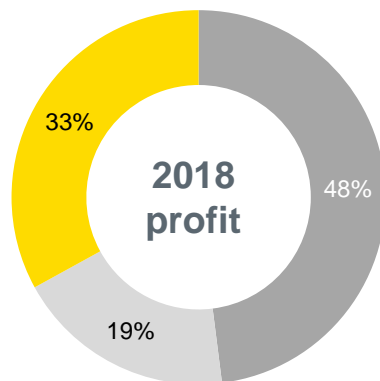


Other specialist businesses...

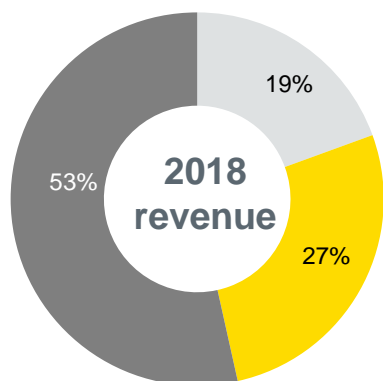
Other critical detection & control businesses



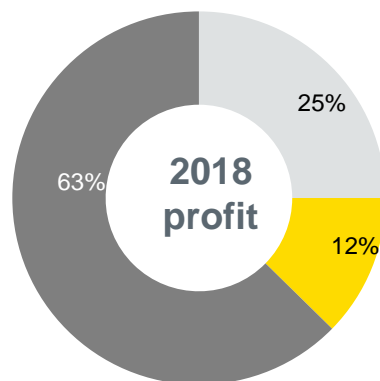
■ Maritime ■ I&C ■ CDC



■ Maritime ■ I&C ■ CDC



■ Forensic Technology ■ Energy ■ PCS



■ Forensic Technology ■ Energy ■ PCS

Background

All technology rich critical detection and control:

- Energy (previously in Aerospace & Infrastructure)
- Precision Control Systems (PCS) (previously in Aerospace & Infrastructure)
- Forensic Technology, FT (previously in Communications & Security)
- Less opportunity for parenting value
- Further strategy development to do

Numbers restated to exclude Airport Systems, divested on 1 February 2019, reporting change from 1 January 2021

...with value potential

Questions?

Please use the microphone for the webcast

First Impressions

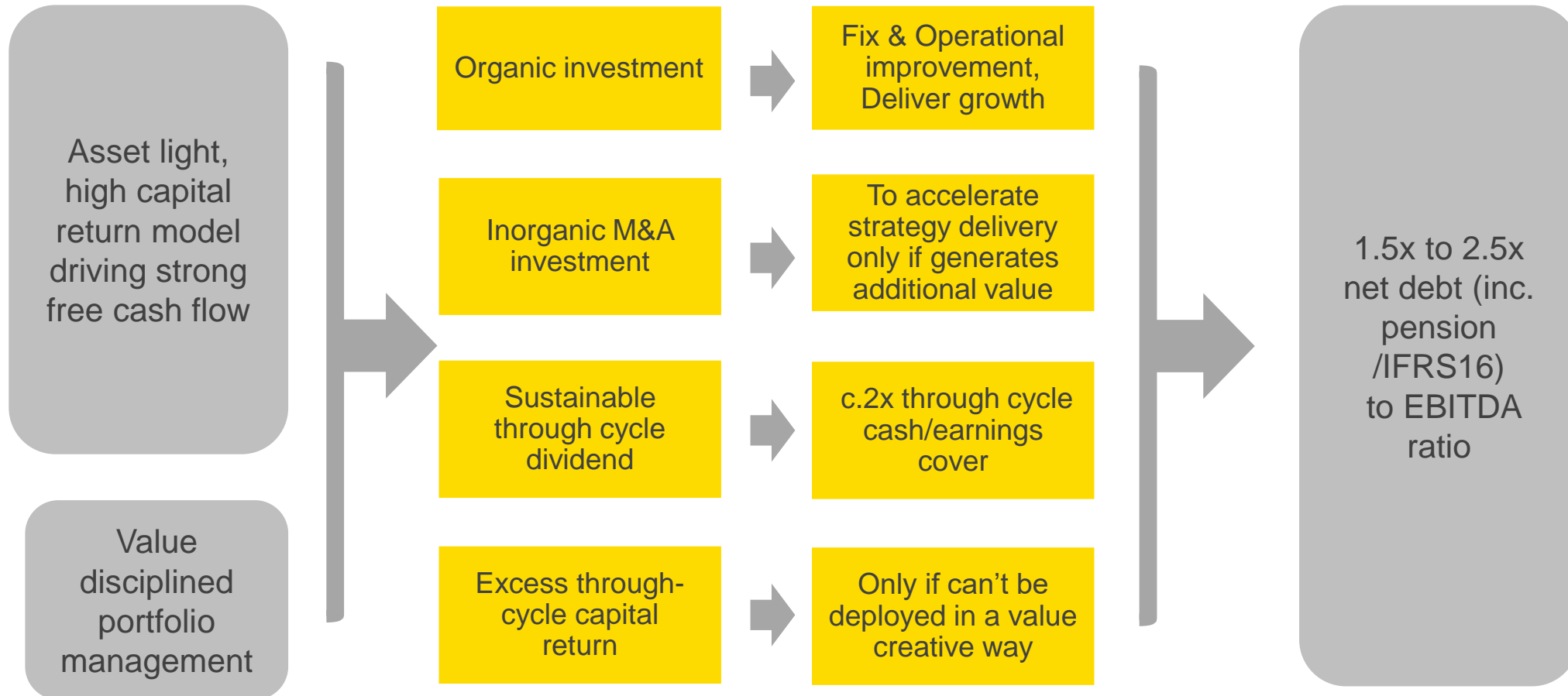
Jos Sclater, CFO

Making good progress...

	2019	Current	Comment
Technology	Yellow	Green	Building on areas of domain expertise, improved focus and investment case development/management, improving technical engagement with customers
Culture	Red	Yellow	New vision, mission, values being launched in Q1, investments to support collaboration
People	Yellow	Yellow	Strong engineering talent, improved functional capability, VMV focussed people strategy being executed, org design and associated changes effective 1/1/2021
Strategy	Red	Yellow	Defined, organising and resourcing to deliver
Markets	Green	Green	Cyclical but with positive tailwinds
Operations	Red	Yellow	Improved operational oversight, goal alignment, IT investment, process and system standardisation accelerating
Performance	Yellow	Yellow	Increased customer focus and better delivery discipline
Capital/ resource discipline	Red	Yellow	Improved investment discipline/decision making, more disciplined capital allocation

...a year into our transformation

A more disciplined approach to capital allocation ...



...supporting strategic delivery

Future aspiration

Simon Pryce, CEO

What you should expect from ONE Ultra...

	2020	Medium term	Longer term
Growth	Robust underlying market, converting strong order book	Good visibility for continued growth, out-perform underlying core markets	Threat environment likely to outweigh affordability concerns Out-perform underlying core markets
Resilience	Strong visibility	Share gain potential, breadth of prime and programme exposure	Defence cycle exposed, but longevity of contracts, no prime or programme dependency, share gain potential.
Self-help and delivery	Increased R&D, continued process and infrastructure investment and strategy/organisation implementation costs, broadly stable margins	Parenting advantages contributing, continuing process, infrastructure and improvement investments, broadly stable margins	Potential for margin improvements
Returns	> 18% EBITA ROIC	>18% EBITA ROIC	>20% EBITA ROIC
Cash flow and capital allocation	Some fix and growth investment, operating cash conversion 60-75%	Further fix and growth investment, operating cash conversion 80-90%	Through cycle operating cash conversion 90-100%

...an exciting opportunity and future

Key takeaways from today...

Team	Enhanced team, capable and relevant experience
Strategy	Clarity and a plan to deliver
Market	Good momentum and opportunity
Growth	Strong technology base, aligned with demand, winning business, healthy order book
Resilience	Visibility, platform/customer diversity
Performance	Opportunities to accelerate growth, improve delivery and efficiency over time
Returns	Emphasis on value creation cash generation and ROIC

...ONE Ultra is a really exciting opportunity

Questions?

Please use the microphone for the webcast

Technology Showcase

One stand per Strategic Business Unit

Drinks served in bar area





Appendices

Energy - A leader in sensors & systems for nuclear and industrial applications

Safety-critical, nuclear qualified instrumentation and control technologies

- Sensors qualified to operate regulated nuclear plants
- 60-year spares and repairs market
- Experts in safety-critical design, reactor physics and materials science
- Designed-in to the UK AGR fleet and the global Westinghouse AP1000 fleet
- On 200 reactors including UK submarines and 500 nuclear facilities world-wide
- Sole instrumentation and control partner of NuScale for their Small Modular Reactor (SMR)
- Growth drivers include continued SMR development, participation in new-build reactors and investment in technology for new reactor designs

Key Customers



Forensic Technology - The world leader in ballistic identification solutions

ULTRA

Integrated Ballistics Identification System (IBIS)

- Intellectual Property in algorithms that compare digital, microscopic, bullet image data
- Pioneers of automated ballistics identification 25 years ago
- Experts in big data comparison and machine learning algorithms
- Firearm subject matter experts
- IBIS provides the US Bureau of Alcohol, Tobacco, Firearms & Explosives' National Integrated Ballistic Information Network (NIBIN)
- 84% market share: in 79 countries, 359 agencies and 435 locations world-wide
- Growth drivers include:
 - Objective identification for evidence in court
 - Continued globalisation of installed base
 - Increased functionality, driving greater service and support revenue

Key Customers



FGR
FISCALÍA GENERAL
DE LA REPÚBLICA



INTERPOL



Precision Control Systems - A leader in harsh & safety-critical environments, serving civil aerospace and military land and air

Application-engineered safety- and mission-critical electronic systems in:

- Data and power management
- Position sensing and control
- Stores ejection and management
- Highly regulated industries
- Niche technologies
- Single-sourced positions on many civil and military platforms
- Harsh environments requiring flawless reliability
- ITAR and ITAR-free solutions
- Growth drivers include positions on current platforms and continued investment in technology for future 'more electric' civil and military applications

Key Customers



BAE SYSTEMS



Gulfstream

LOCKHEED MARTIN

Glossary

Acronym	Definition
ADSI	Air Defense Systems Integrator
AGR	Active Guard and Reserve
AI/ML	Artificial Intelligence / Machine Learning
ASW	Antisubmarine Warfare
ATCS	Amphibious Tactical Communications Systems
C2I	Command, Control & Intelligence
C3	Command, Communication and Control, including Cyber
C4ISTAR-EW	Command, Control Communications, Computers, Intelligence, Surveillance, Acquisition & Reconnaissance - Electronic Warfare
CSC	Canadian Surface Combatant
ECU RP	End Crypto Unit Replacement Programme
EW	Electronic Warfare
FIPS	Federal Information Processing Standards
FTR (Page 48)	Flight Termination Receiver
HMS	Hull Mounted Sonar
HSM	Hardware Security Modules
IAMD	Integrated Air and Missile Defence
IDIQ	Indefinite-delivery/indefinite-quantity contract
IFRS	International Financial Reporting Standards

Glossary (cont.)

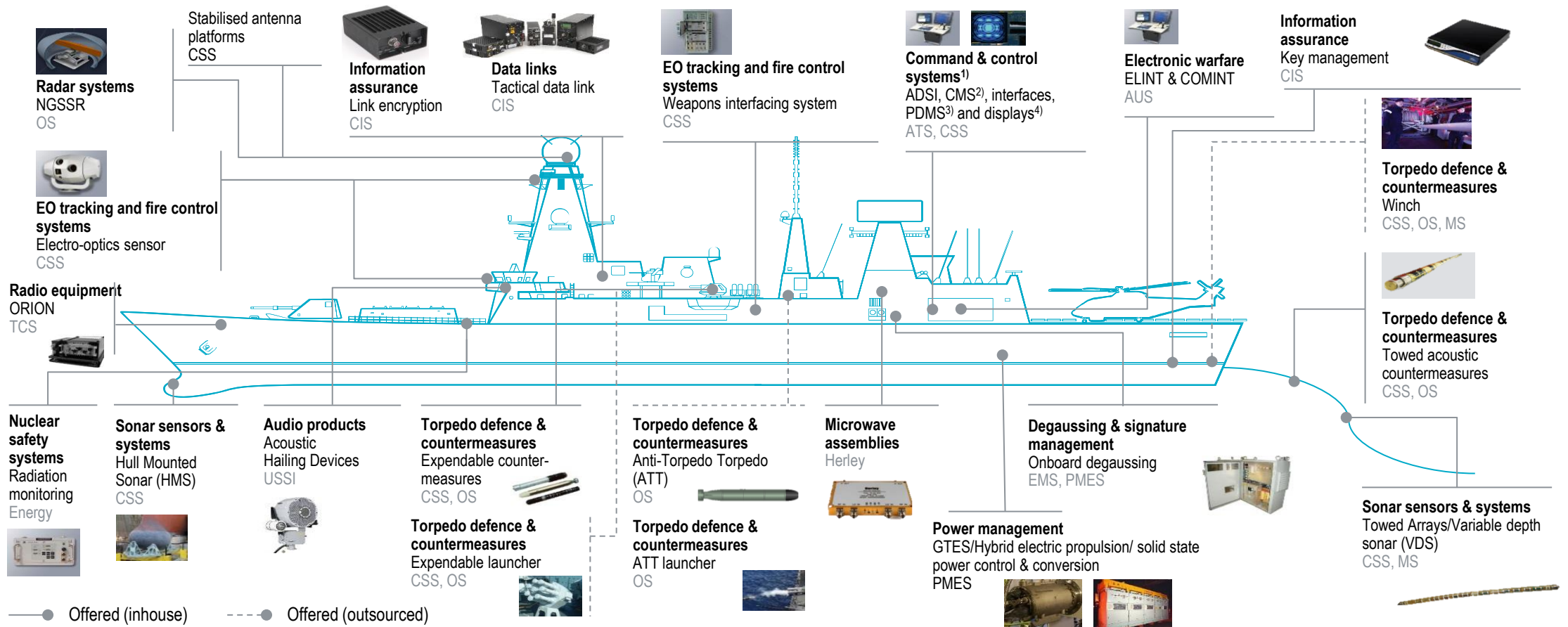
Acronym	Definition
IP	Intellectual Property
IR&D	Internal research and development
IS	Information systems
ISR	Intelligence, Surveillance, and Reconnaissance
ISS	Integrated sonar system
ITAR	International Traffic in Arms Regulations
ITN	Integrated Tactical Network
MIS	Management Information Systems
MDIS	Multi-Domain Intelligence Systems
MSC/ECP	Main Static Converter / Electric Cruise Propulsion
NATO	North Atlantic Treaty Organization
NCSC	National Computer Security Center
NGSSR	Next Generation Surface Search Radar
OBU	Operating Business Unit
ORION	Ultra ORION is a family of multichannel, multiband, point-to-point (PTP), point-to-multipoint (PMP) and mesh radio systems.
PCS	Precision Control Systems
PSSC	Precision Strike Sensor Core
RALT	Radar Altimeter

Glossary (cont.)

Acronym	Definition
REAP	Rosetta Echo Advanced Payloads
RF	Radio Frequency
ROIC	Return on Invested Capital
SBU	Strategic Business Unit
SOCOM	United States Special Operations Command.
SSNR	Spectral Signal to Noise Ratio
SSTD	Surface Ship Torpedo Defence
SWaP	Size, Weight and Power
TRILOS	US Army network modernization programme, Terrestrial Transmission Line of Sight Radio
UAV	Unmanned aerial vehicle
UGV	Unmanned ground vehicle
UI/UX	User experience/User interface
uIFF	Micro identifier friend or foe
USAF	United States Air Force
USMC	United States Marine Corps
US MSA	United States Missile Defense Agency
USN S&T	United States Navy Science and Technology
VDS	Variable depth sonar
VMV	Vision, Mission, Values

Ultra provides UW systems, C2 systems, degaussing, radar, data links, encryption, tracking & fire control systems for surface ships

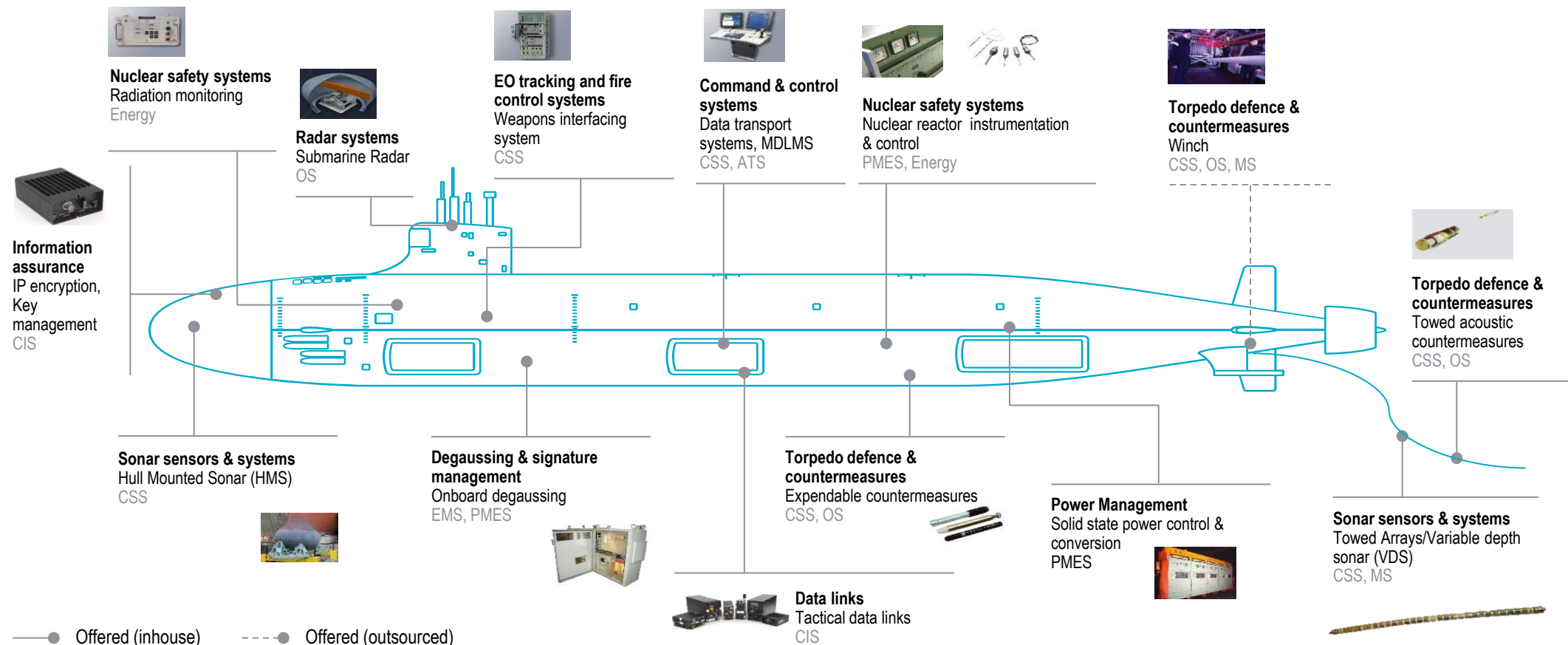
Use case applications – Surface ship



1) Included within other propositions where sold as part of a wider system; 2) Combat Management System; 3) Platform data management system; 4) Display screens outsourced

Ultra provides UW systems, degaussing, nuclear safety systems, C2 systems, radar, tracking & fire control systems for submarines

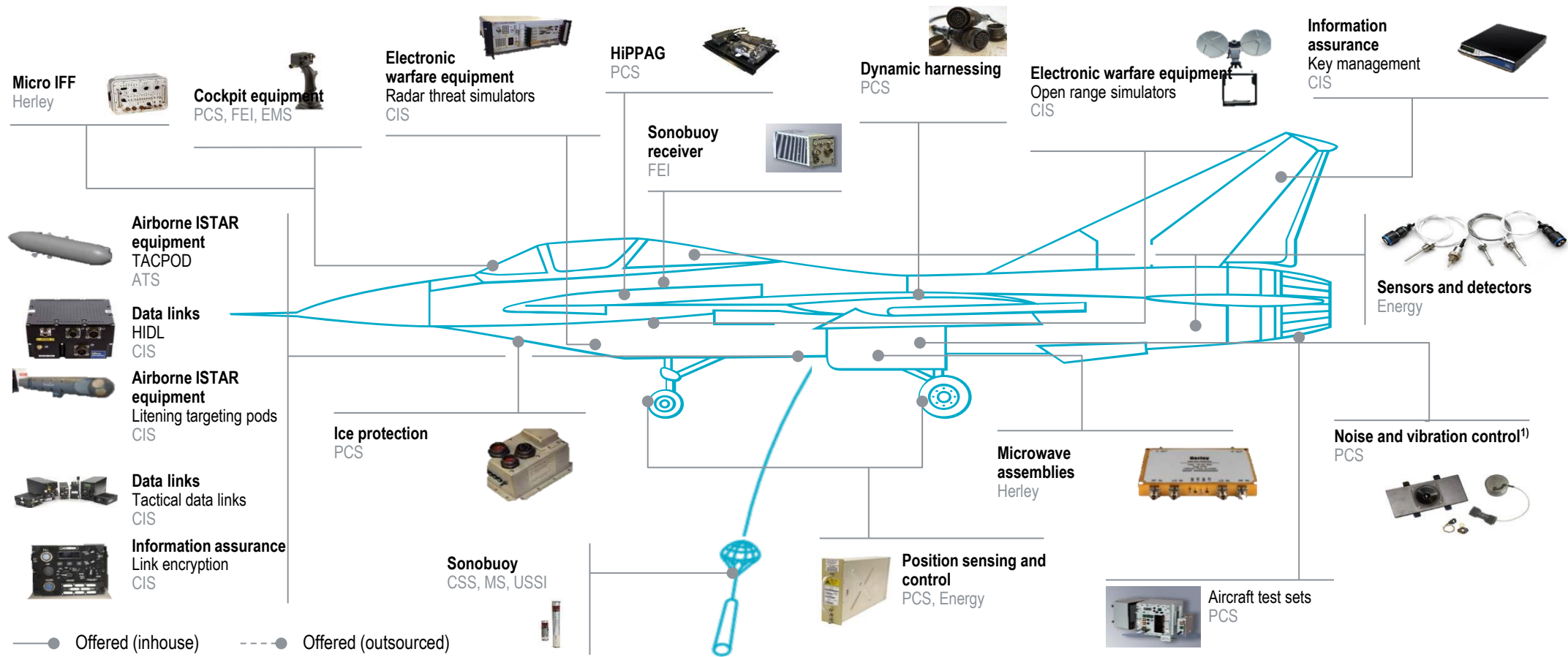
Use case applications – Submarine



1) Combat Management System; 2) Display screens outsourced

Ultra provides avionics, data links, encryption, detectors, sensors & controls, ice protection, sonobuoys and EW for military aircraft

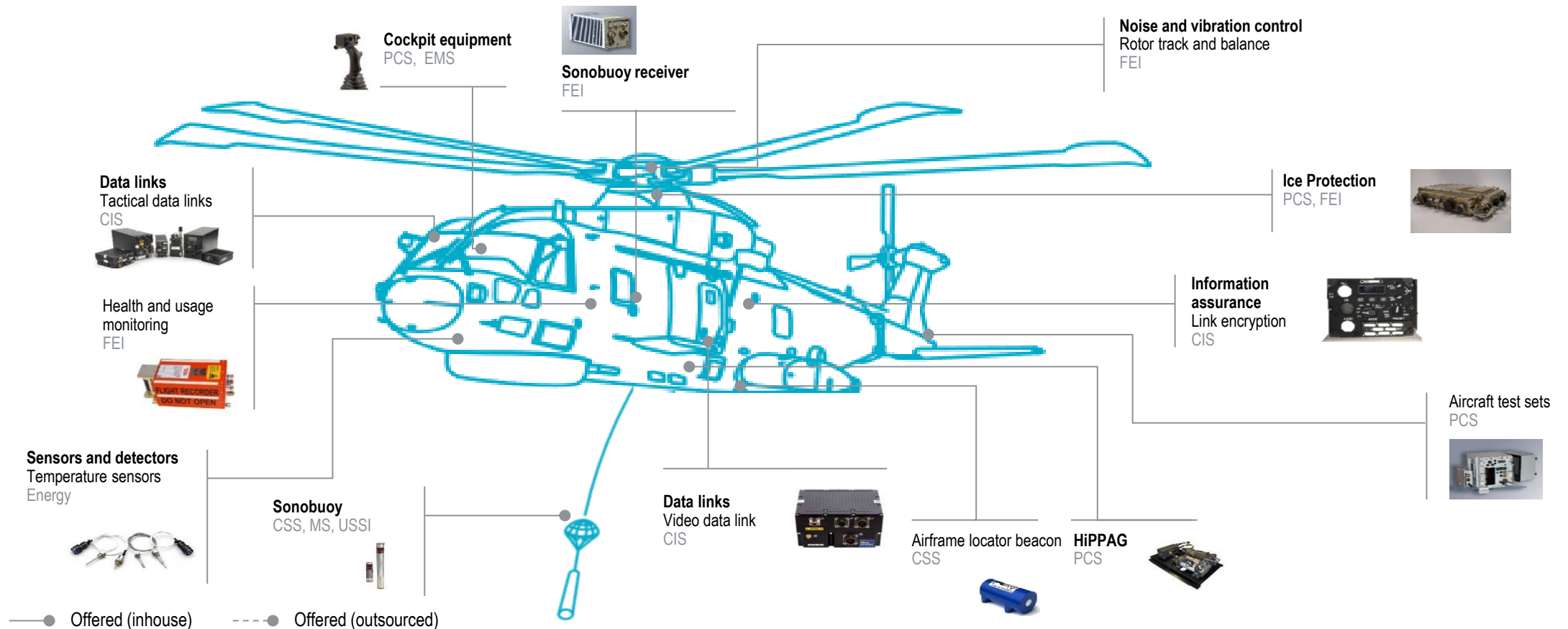
Use case applications – Military fixed wing aircraft



1) Turboprop platforms only

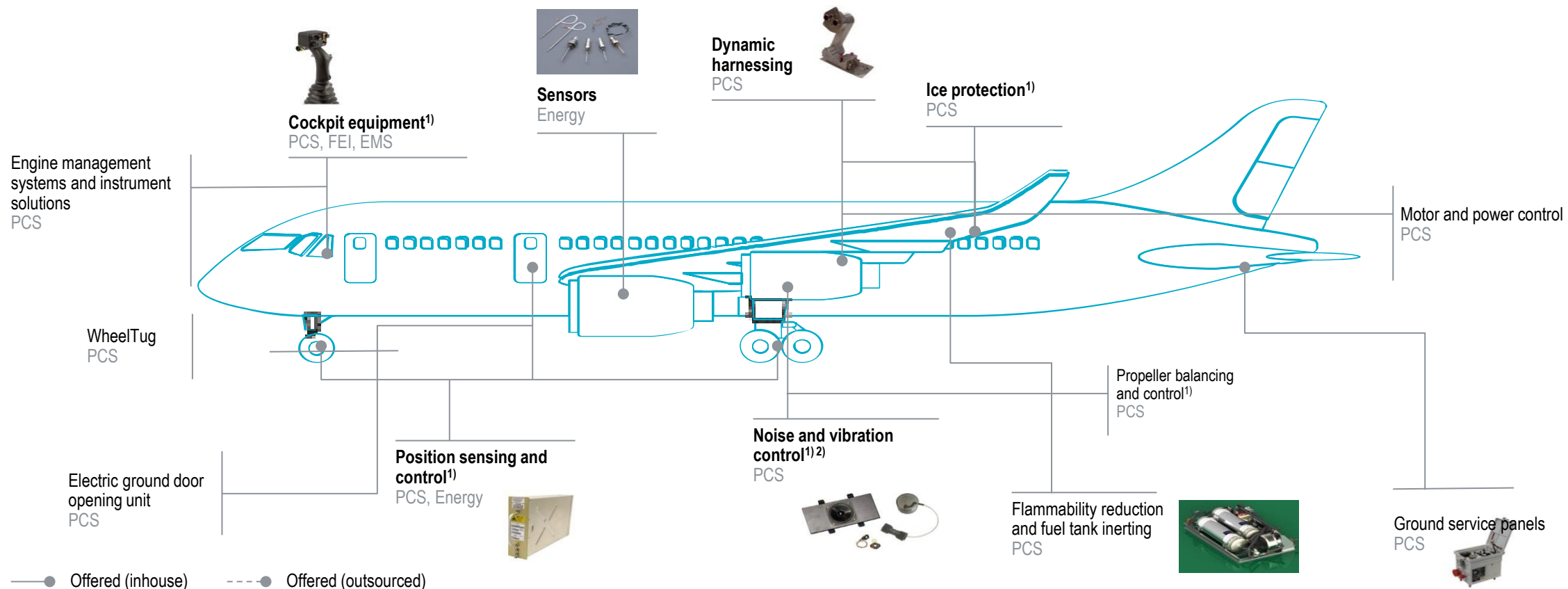
Ultra's propositions for military helicopters comprise sonobuoys, sonobuoy receivers, data links and encryption

Use case applications – Military rotorcraft



Ultra offers avionics, dynamic harnessing, wing ice protection, position sensing and noise & vibration control for commercial aircraft

Use case applications – Commercial aircraft

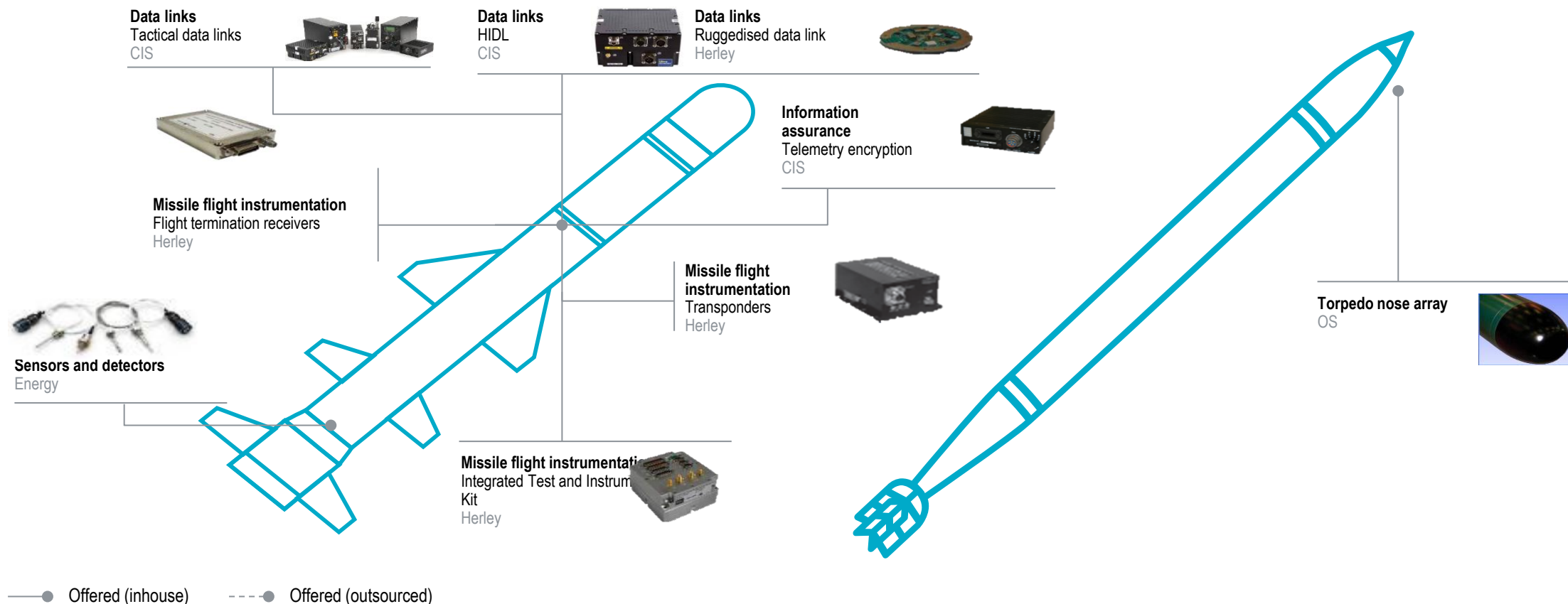


—● Offered (inhouse) - - - ● Offered (outsourced)

1) Also offered on business jets; 2) Turboprop platforms only

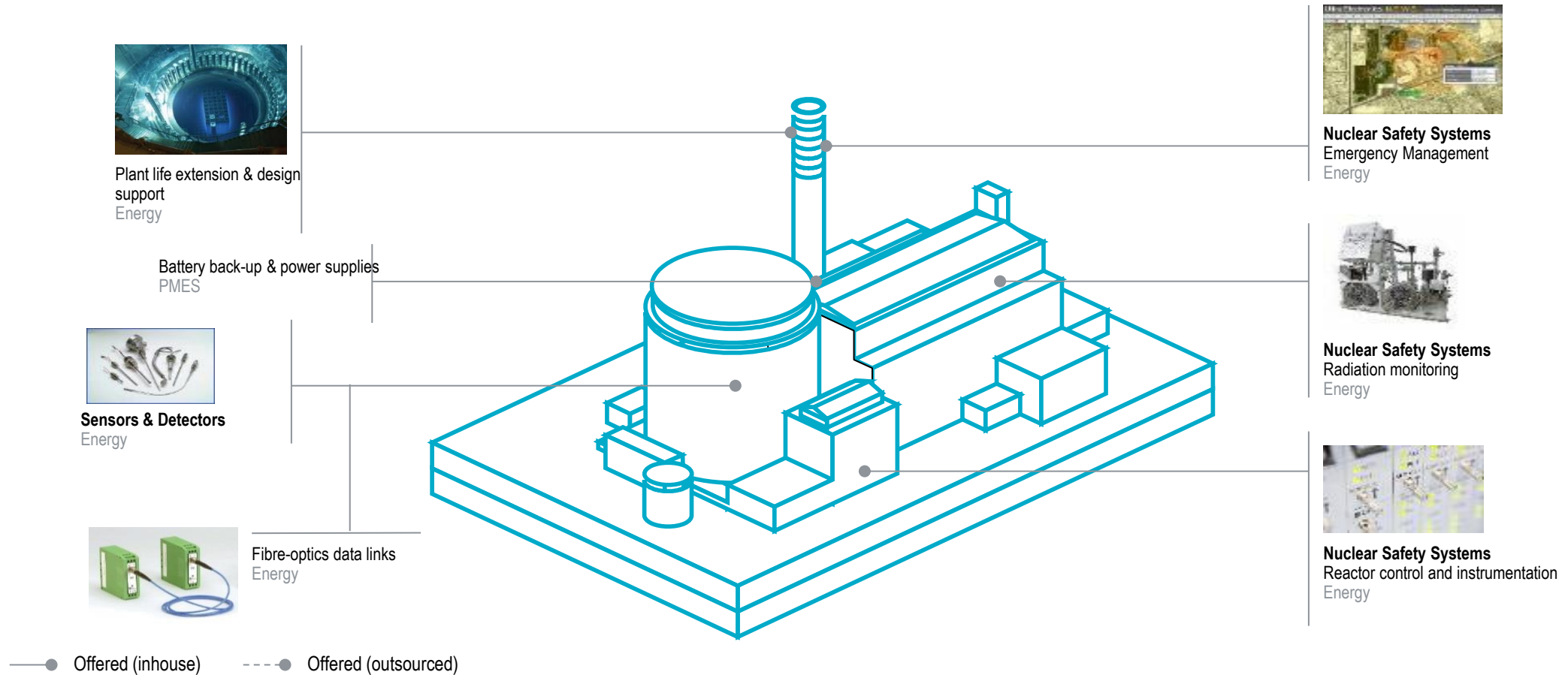
Ultra provides sub-assemblies that facilitate communication with airborne missiles and nose arrays for torpedoes

Use case applications – Airborne missile & Torpedo



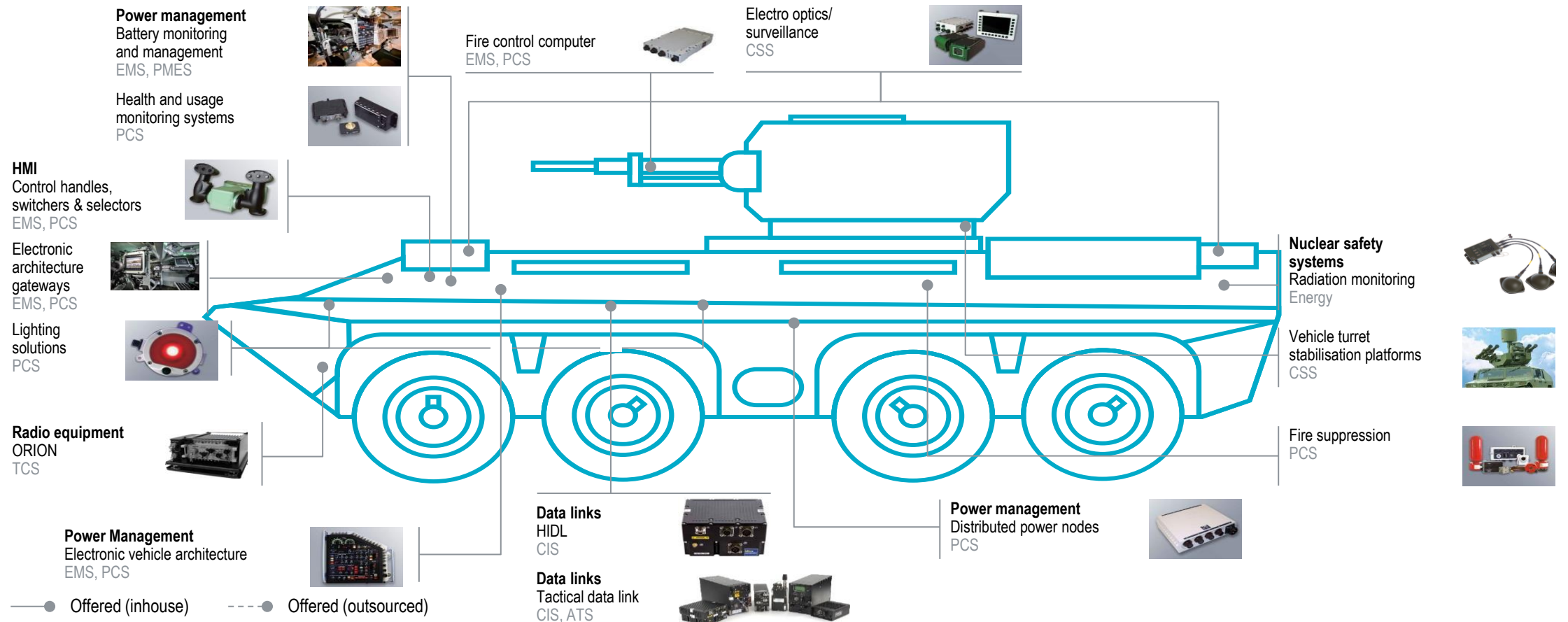
Ultra provides safety critical sensors and nuclear safety systems, including wider radiation monitoring **ULTRA**

Use case applications – Nuclear power



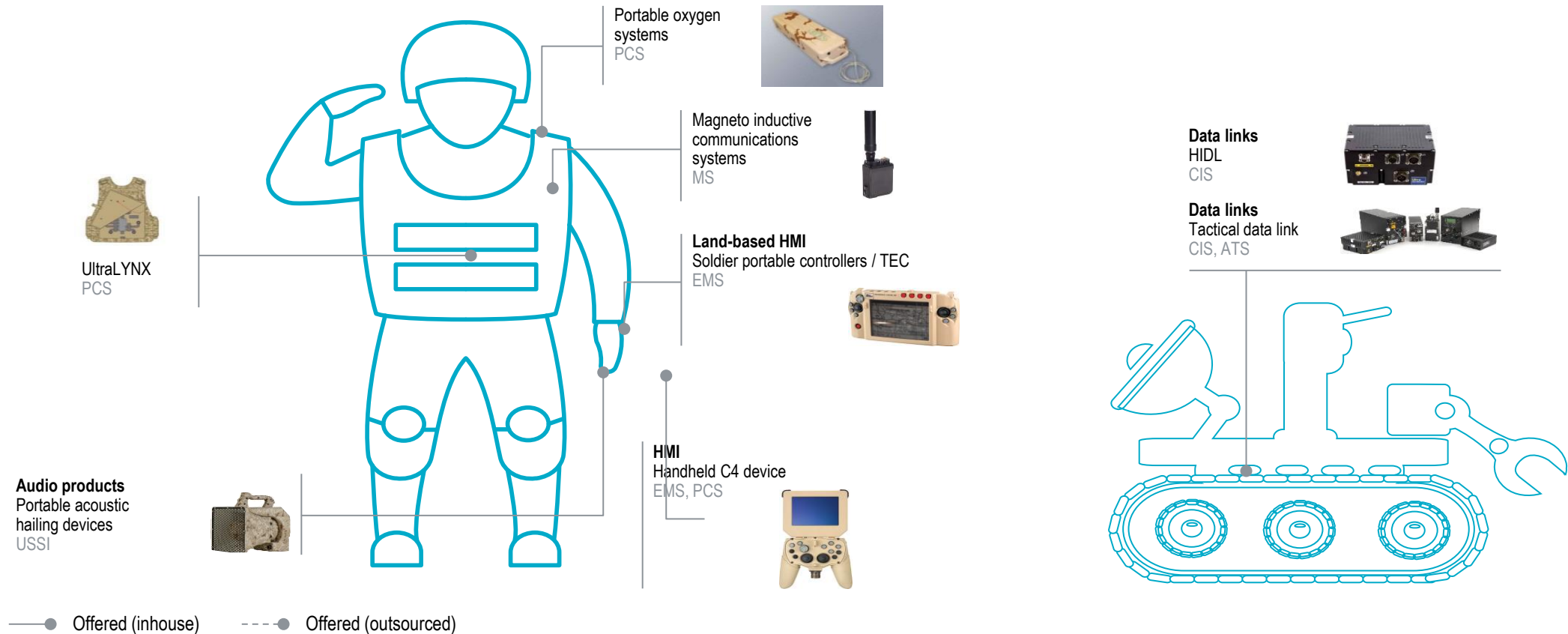
Ultra provides power management, communication, HMI and weapon control equipment for military land-based vehicles

Use case applications – Other [Military vehicle]



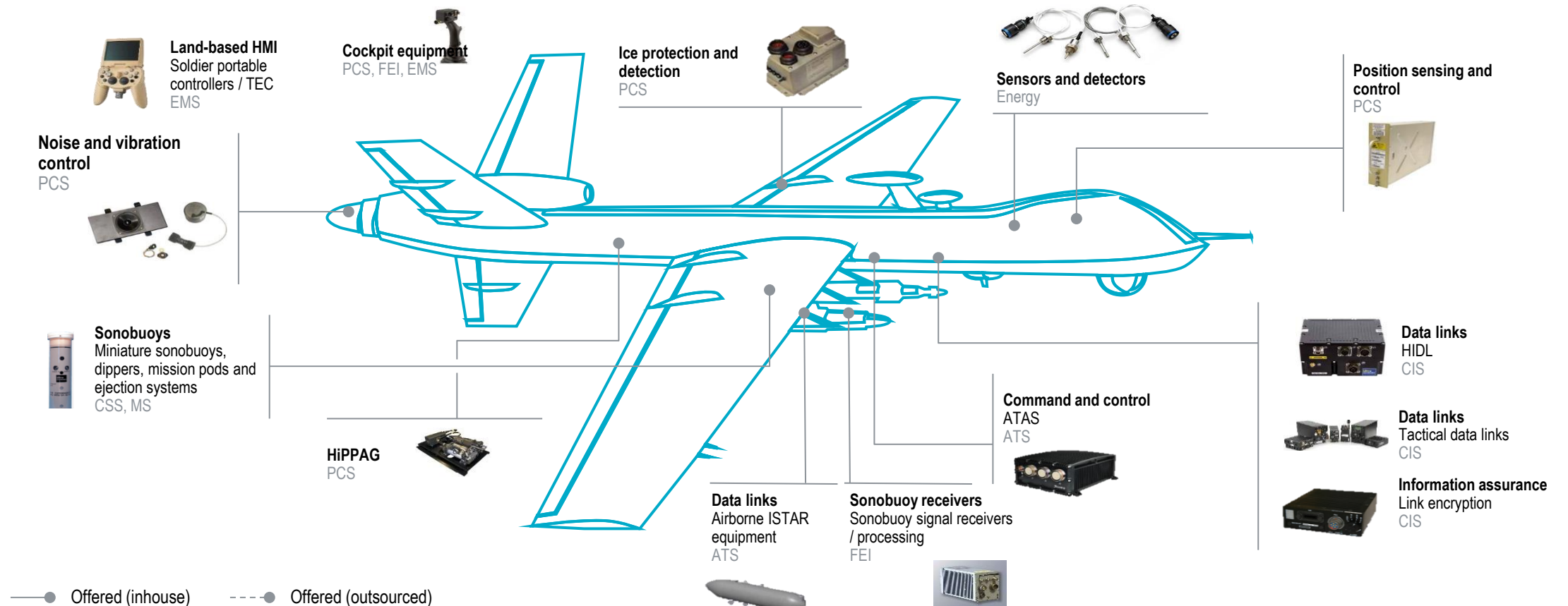
For soldiers and UGVs, Ultra offers power management, communications and HMI equipment

Use case applications – Other [Soldier & UGV]



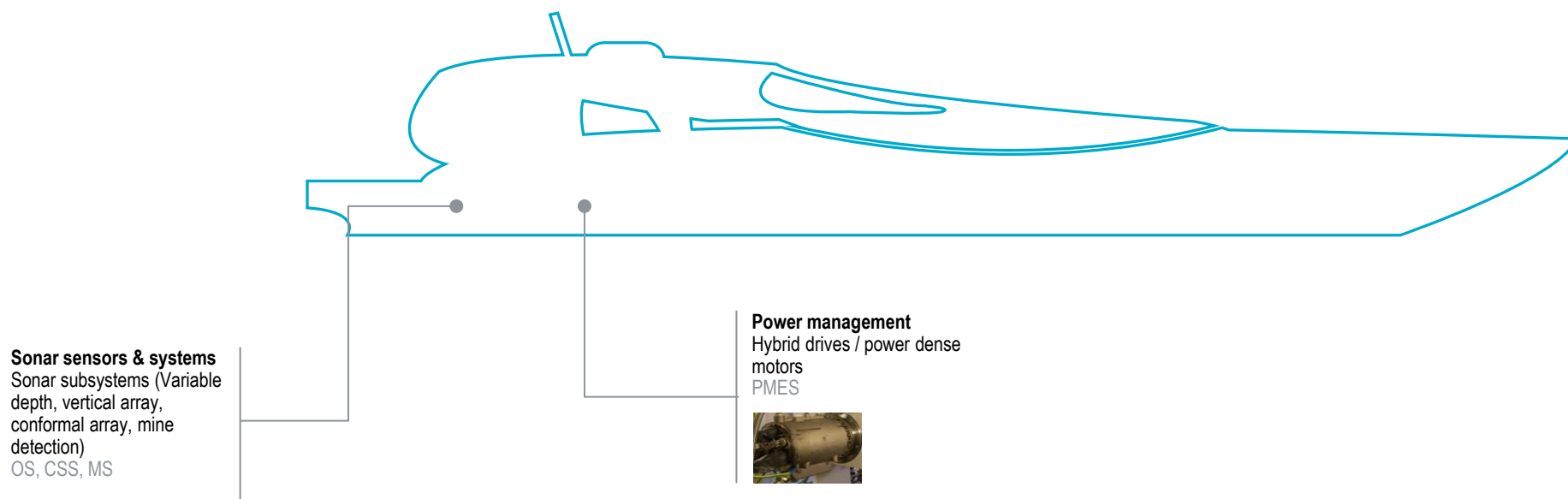
Ultra's propositions could also serve a wide range of applications on UAVs, including sonobuoys, data links and sensors

Potential use case applications – UAVs



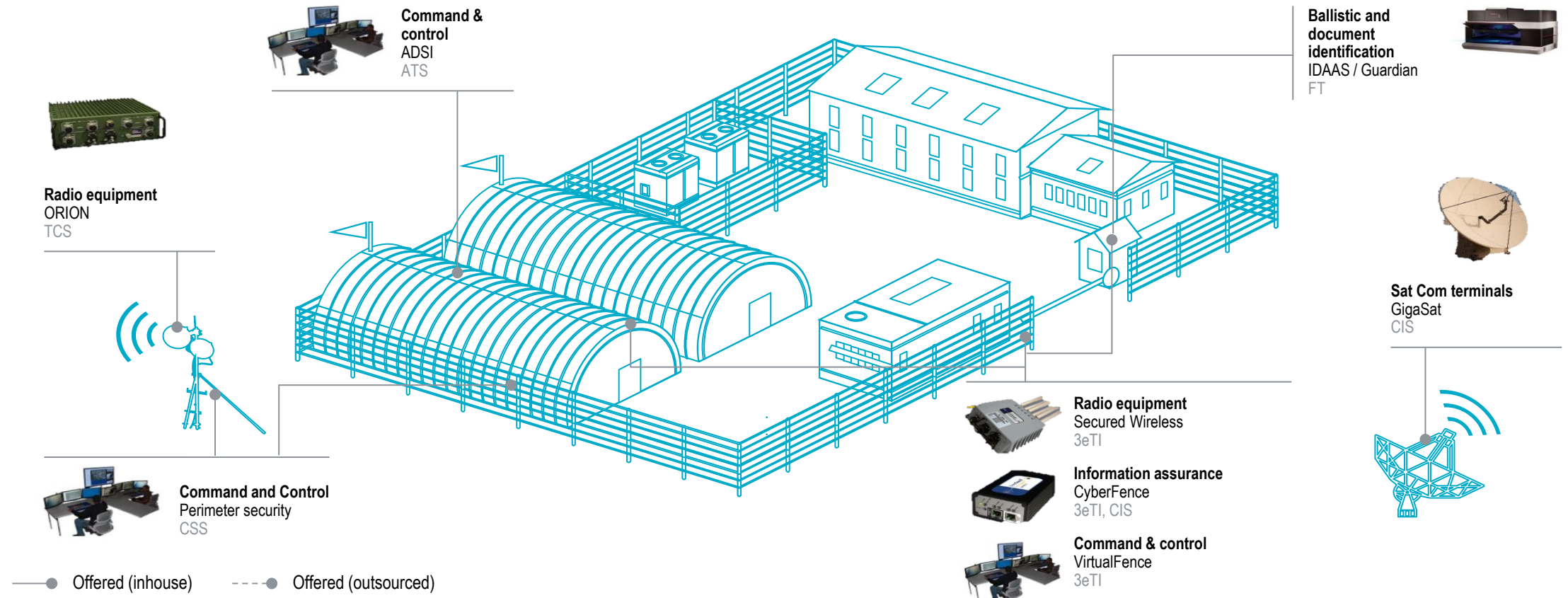
Ultra could expand its USV and UUV offering to include a range of sonar sub-systems and power management solutions

Potential use case applications – USV / UUV



For stationary land-based applications, Ultra provides command & control systems, communications and electronic warfare equipment

Use case applications – Other [Land-based]



Ultra also serves other non-defence platforms, incl. oil & gas rigs and ports, through propositions such as command & control and IA

Use case applications – Other [Industrial]



Sensors and detectors¹⁾
Energy



Radio equipment
ORION
TCS



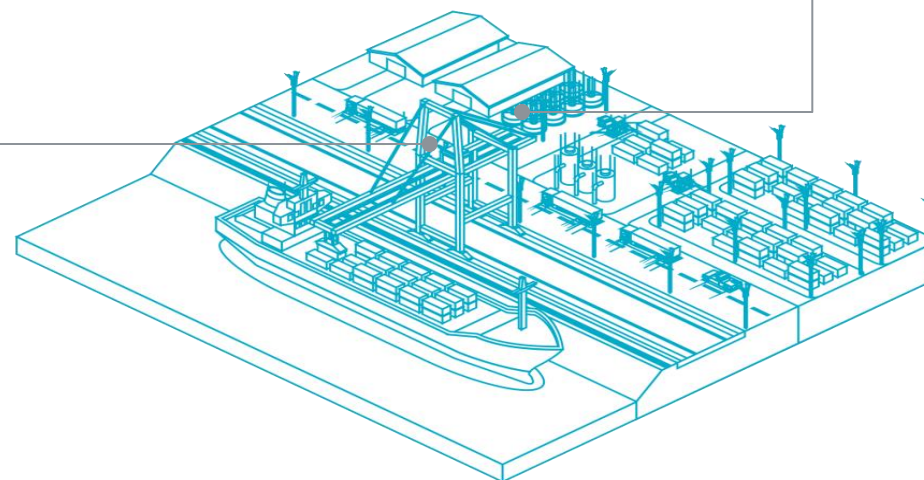
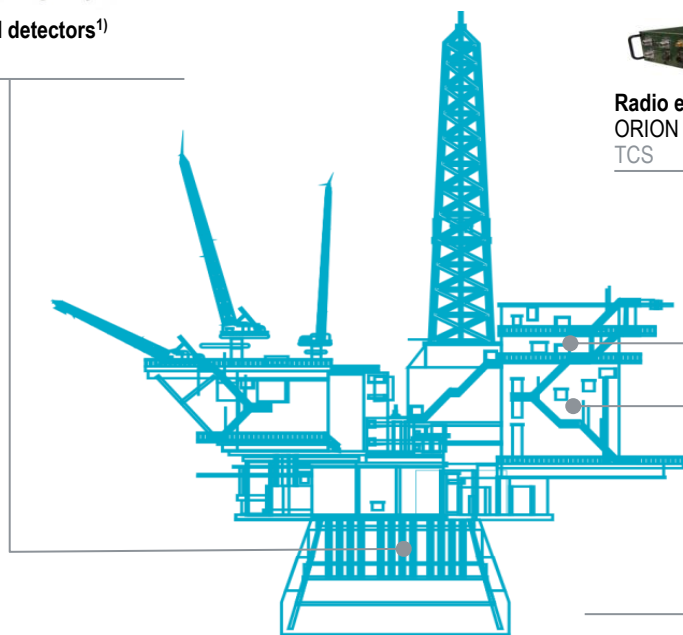
Radio equipment
Secured Wireless
3eTI



Information assurance
CyberFence
3eTI



Command & control
VirtualFence
3eTI



Command and Control
Perimeter security
CSS

—● Offered (inhouse) - - -● Offered (outsourced)

1) Other industrial applications for sensors includes chemical plants, metals fabrication, high-end prototype vehicles and medical tools

Ultra's information assurance and ballistic identification propositions do not serve applications based on traditional defence platforms

Use case applications – Other [Virtual]

