

# Another year of progress and delivery

2021 Full year results summary

Innovating today for a safer tomorrow

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# Ultra's strategy and transformation ahead of expectations...

ULTRA



Strong progress



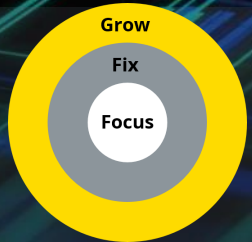
Transformation delivering



Growth ahead of markets



Technology driving record order book



Good momentum

...delivering for all stakeholders



1 Strong progress

The background of the section header is a dark, dramatic scene showing the silhouettes of several soldiers with backpacks walking across a field at dusk or dawn.

# Key awards on new and existing programmes...

ULTRA.



**\$118m**  
Sonobuoy orders under  
ERAPSCO IDIQ



**£65m**  
Cyber award from UK  
MoD



**£60m**  
Indian Navy Integrated  
ASW defence system (IADS)



**\$140m**  
ORION radio orders: US  
Marines, Army and Navy



**\$24m**  
Forensic Technology  
contract across Brazil



**\$30m**  
Production award on  
NGSSR programme

...driving record £1.3bn order book

# 2021 results highlights

ULTRA

£'m	2021	2020*	Organic growth <sup>(3)</sup>
Order book <sup>(8)</sup>	1,300.9	1,066.7	+22.0%
Order cover <sup>(7)</sup>	78%	71%	
Revenue	850.7	816.5	+4.2%
Operating profit <sup>(1)</sup>	129.6	120.0	+8.0%
Operating margin <sup>(1)</sup>	15.2%	14.7%	
	2021	2020	Growth
Profit before tax <sup>(2)</sup>	116.6	114.5	+1.8%
Earnings per share (p) <sup>(2)</sup>	135.7	130.6	+3.9%
Cash conversion	86%	92%	
ROIC <sup>(4)</sup>	21.2%	20.0%	
Statutory profit before tax	82.7	103.7	-20.3%

Excellent visibility

Revenue robust despite pandemic challenges

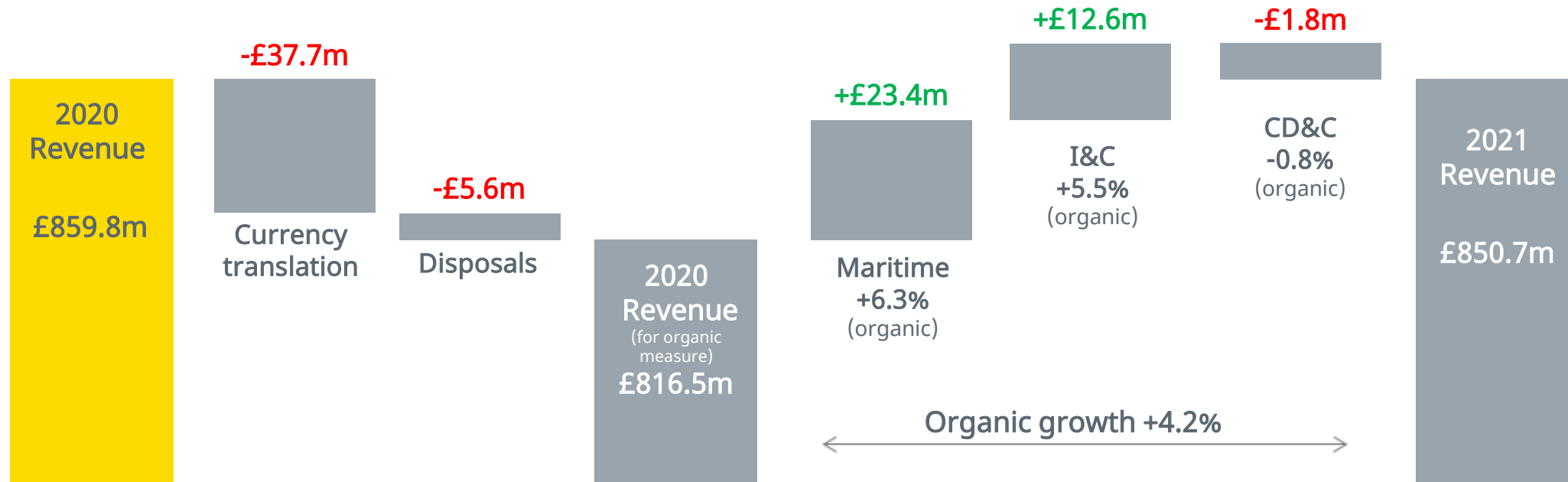
Margin benefiting from transformation / CI

Solid cash conversion

\* Comparative period presented at constant currency translation and adjusted for disposals to reflect the comparable period of ownership.  
1,2,3,4,7,8 see schedule 1.

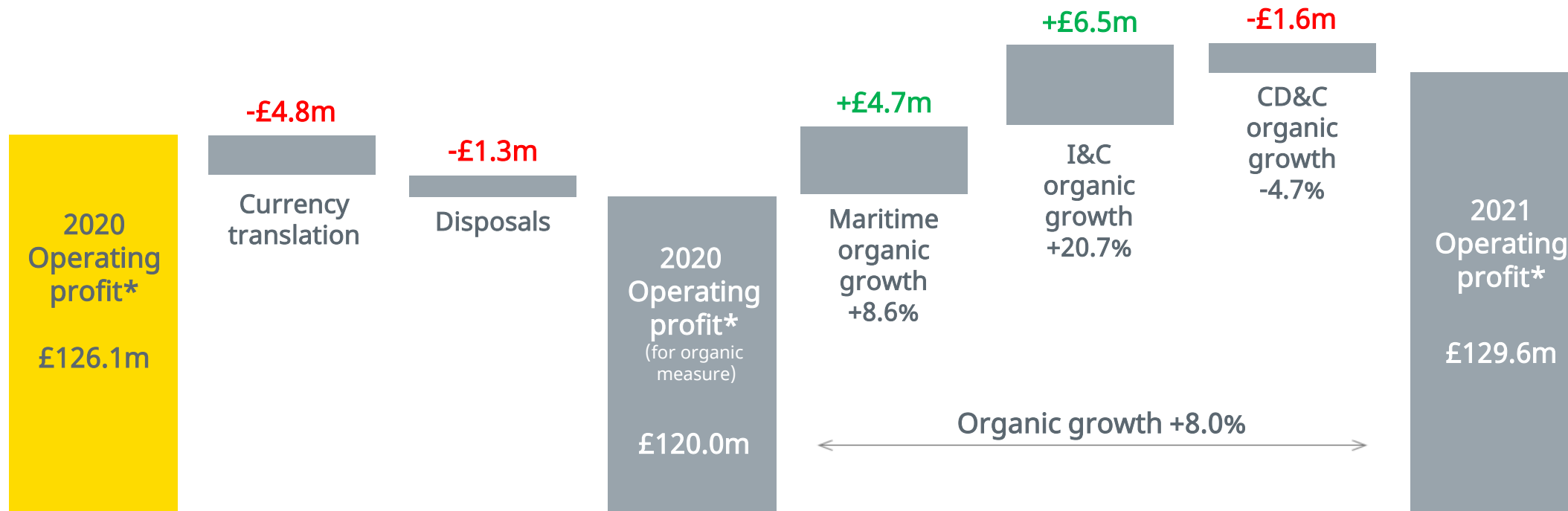
Strong performance

# Another year of organic revenue growth...



...outperforming core markets

# Operating profit also benefiting...



... from transformation and CI



£'m	2021	2020*	Organic Growth <sup>(3)</sup>
Order book <sup>(8)</sup>	683.6	541.1	+26.3%
Revenue	395.4	372.0	+6.3%
Operating profit <sup>(1)</sup>	59.4	54.7	+8.6%
Operating margin <sup>(1)</sup>	15.0%	14.7%	

Extremely strong order intake on torpedo defence systems, sonar technology and Next Generation Surface Search Radar

Underlying profit impacted by H1 programme issues and supply chain challenges in Q4

\* Comparative period presented at constant currency translation and adjusted for disposals to reflect the comparable period of ownership. <sup>1,3,8</sup> see schedule 1.

Solid growth despite pandemic challenges

£'m	2021	2020*	Organic Growth <sup>(3)</sup>
Order book <sup>(8)</sup>	323.0	238.6	+35.4%
Revenue	241.3	228.7	+5.5%
Operating profit <sup>(1)</sup>	37.9	31.4	+20.7%
Operating margin <sup>(1)</sup>	15.7%	13.7%	

Driven by ORION radios and Cyber solutions

Favourable mix and operational gearing

\* Comparative period presented at constant currency translation and adjusted for disposals to reflect the comparable period of ownership.  
<sup>1,3,8</sup> see schedule 1.

Excellent operational performance

# Critical Detection & Control Businesses

(PCS, Forensic Technology & Energy)

ULTRA

£'m	2021	2020*	Organic Growth <sup>(3)</sup>
Order book <sup>(8)</sup>	294.3	287.0	+2.5%
Revenue	214.0	215.8	-0.8%
Operating profit <sup>(1)</sup>	32.3	33.9	-4.7%
Operating margin <sup>(1)</sup>	15.1%	15.7%	

Strong military aerospace and forensic orders offsetting commercial aerospace decline

Adverse mix due to decline in commercial aerospace

\* Comparative period presented at constant currency translation and adjusted for disposals to reflect the comparable period of ownership.  
<sup>1,3,8</sup> see schedule 1.

Resilient performance despite commercial aerospace weakness

# Operating cash flow

£'m	2021	2020
<b>Underlying operating profit<sup>(1)</sup></b>	129.6	126.1
Depreciation and amortisation	25.2	24.9
<b>EBITDA</b>	154.8	151.0
Lease payments (IFRS 16)	(8.3)	(9.0)
Working capital and provisions	(5.1)	4.4
Capital expenditure*	(24.7)	(22.1)
Pension contributions	(11.2)	(11.0)
Other movements	6.0	2.8
<b>Underlying operating cash flow<sup>(5)</sup></b>	111.5	116.1
<b>Operating cash conversion<sup>(6)</sup></b>	86%	92%

Working capital turns increased from x10.1 to x12.3

Strong advance payments and lower than originally expected capital expenditure

\*Includes capitalised internal R&D

<sup>156</sup> see schedule 1.

**Strong cash conversion**

# Strong liquidity and balance sheet...

	2021	2020
Free cash flow	£90.7m	£99.4m
Net debt*	£74.8m	£158.8m
Net debt to EBITDA*	0.48x	1.05x
Committed facility headroom available	£280m	£280m
IAS 19 UK pension deficit	£35m	£70m
Total dividend	16.2p	56.9p

Free cash flow impacted by take-over costs of £6.8m

Net cash (excluding leases) of £0.7m

Leverage for covenant purposes is x0.0

£36m of remaining pension payments under current schedule of contributions

No final dividend (Advent offer condition)

\*net debt including IFRS 16 lease liabilities and pension liabilities.

...further enhanced by post year end disposal...

# ...a disciplined capital allocation policy...



...potential strategy acceleration

# ONE Ultra in 2022:

ULTRA

	2022
Order book	Continued strong order book and sales pipeline
Revenue	Continued strong year-on-year organic revenue growth, driven by Maritime and I&C. Also expect CD&C to grow organically, led by Forensic Technology business.
Transformation investment	Continued investment into Focus; Fix; Grow transformation. OpEx £8m-£9m, CapEx to be broadly flat at £7m.
Operating Margin	No guidance provided due to Advent/Cobham offer period
Internal R&D	Expected IRAD between 3.5% and 4% of group revenue
Return on Invested Capital <sup>(4)</sup>	ROIC progression
Operating cash flow	Circa 75-85% cash conversion Capital Expenditure £25 - £30m
Tax rate	Underlying tax rate expected to be around 19-20% (with cash tax rate expected to be c.13%)

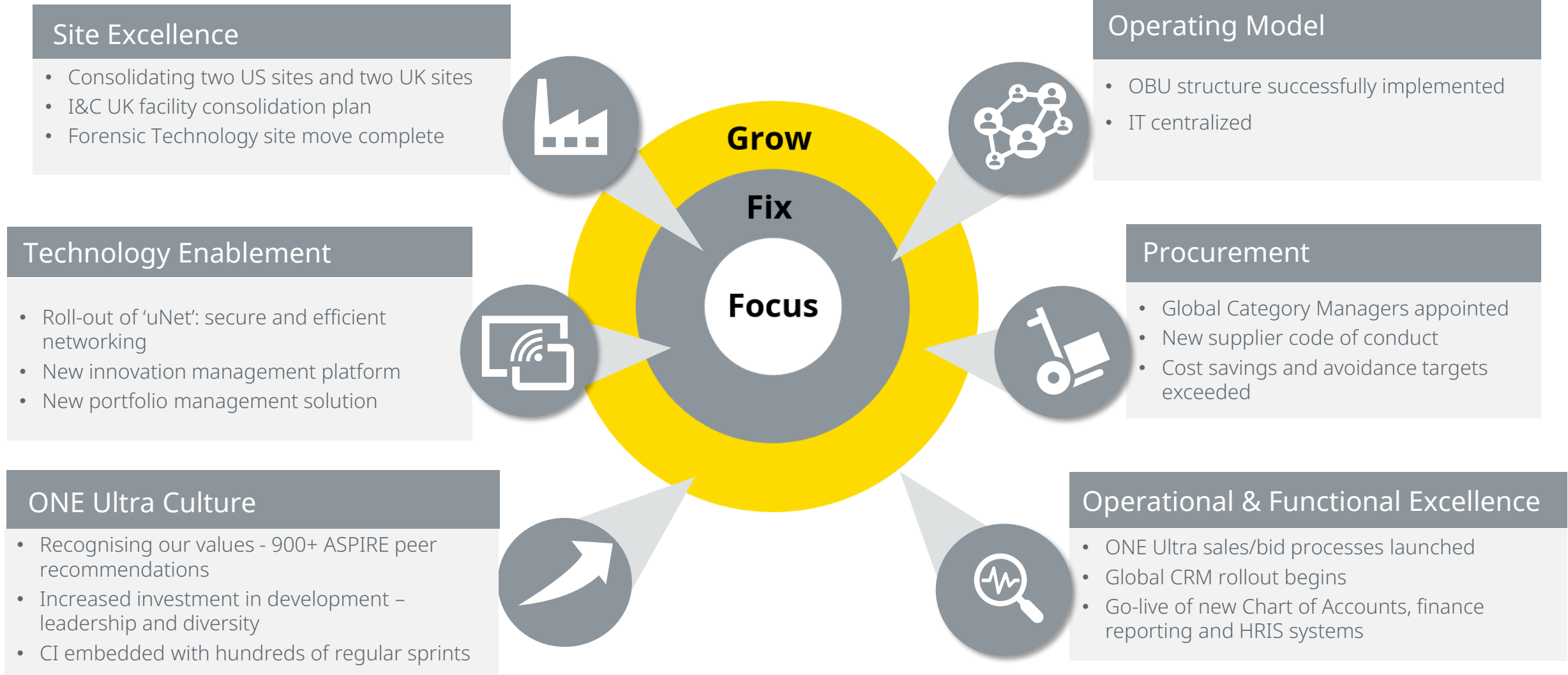
Delivering for our stakeholders

## 2 Transformation delivering





# Transformation delivering ahead of plan...



...continuous improvement driving additional benefits

# Delivering for our stakeholders despite challenges...

ULTRA

## Employees

68% employee engagement score

Open roles filled by internal candidates up 104%

16.6% group voluntary turnover

## Customers

Average Net Promoter Score: 52

Group market share: 14%

On time delivery: 85.2%

Solution Vitality: Index 15.0%

Labour productivity improved in 8 out of 11 OBUs

## Suppliers

First year of procurement savings

Total cost of procurement reduced

## Communities

Reduced carbon emissions/£m revenue by 24%

Community fund > £500k in 2 years

>2,000 hours of community giving

Reduced single-use plastics by >75,000 items

## Investors

ROIC: 21.2%

Organic order book growth: 22.0%

Organic revenue growth: 4.2%

Average working capital turn: 12.3x

...through operational and cultural improvements

3 Growth ahead of markets



# Outperforming robust core markets...

SBU	2021 market growth	2021 Ultra organic revenue growth	Commentary
Maritime	+3% <i>(5 year CAGR 2-4%)</i>	+6.3%	Substantial recapitalization to counter near-peer adversaries and threat perception Increased connectivity, interoperability, interchangeability Expanding unmanned capability and SWaP
Intelligence & Communications	+4% <i>(5 year CAGR 3-5%)</i>	+5.5%	Increasing focus on intelligent networking and AI/ML Multi-domain cognitive decision making (JADC2) Heightened awareness of cyber threats
Critical Detection & Control	+0.75% <i>(5 year CAGR 2-4%)</i>	-0.8%	Order backlog supported commercial aerospace sales in H1 2020 providing a tough comparison for 2021. Overall, sales from PCS were resilient. Increasing adoption of forensic gun-crime analytics and broadening customer solutions

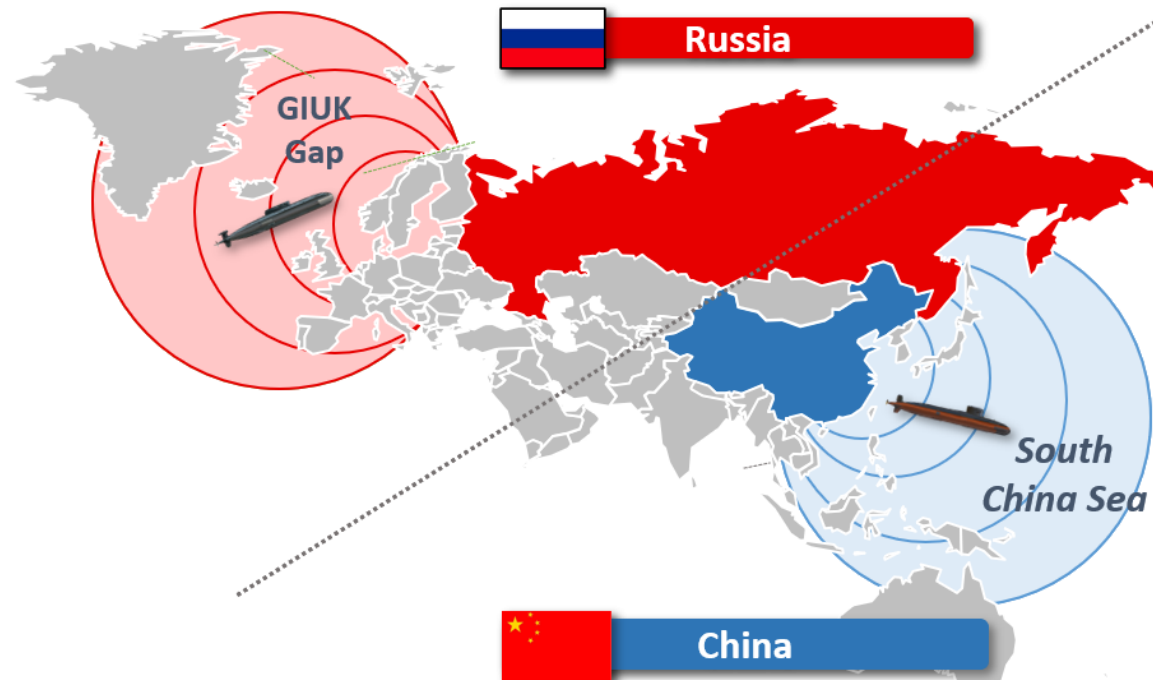
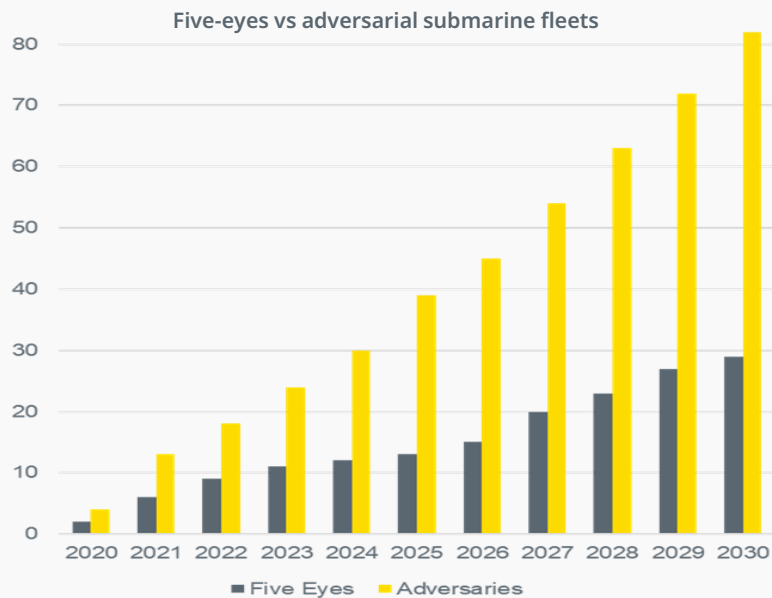
Source: Company estimates, Roland Berger

...good underlying growth

# Near peer threats now a reality...

## Size and sophistication of near-peer capabilities evident – concerning activity

- + Near-peer submarine activity levels increasing
- + China and Russia both growing fleets – new, more capable submarines
- + Emerging capabilities (e.g. hypersonics) require dramatically faster response times to counteract.



**The Guardian**

Russia invades Ukraine as Putin declares war to 'demilitarise' neighbour

**THE TIMES**

Admiral Sir Tony Radakin warns of Russian threat at sea

'Phenomenal' increase in submarine activity, says new defence chief

**The New York Times**

China's Weapon Tests Close to a 'Sputnik Moment,' U.S. General Says

Gen. Mark A. Milley said China's testing of a hypersonic missile "has all of our attention."

...accelerating Five Eyes response...

## Focus on greater intelligence, cooperation and alignment...

### Next generation Anti Submarine Warfare (ASW):

- + ASW growth **>5% p.a.** over 5 years
- + Focused on major submarine hunter platforms:



**Type 26**  
(UK, CAN, AUS, NZ)

- Next-generation ASW ship
- Globally deployable
- Fully modular design enabling through-life upgrades



**P-8**  
(US, UK, Germany, Japan, Aus, NZ)

- + 90% average flying hours (vs P3)
- + 54% capacity per flight (vs P3)
- Driving ability for far greater sonobuoy deployment

### Connected battlespace:

- + Multi-domain connectivity **growth >7% p.a.** over 5 years
- + Connecting sensors to generate actionable information



**JADC2** (US DoD)

Joint All-Domain Command & Control

**MDI** (UK MoD)

Multi Domain Integration

- + Focused on informational advantage
- + Effective way of modernising existing platforms

...Ultra well positioned

Maritime radar

Passive + active sonar

SWaP solutions for USVs/UUVs\*

Sonobuoys

...Ultra well positioned

Upper tier radio connectivity

Battlefield management systems

Military grade crypto

Tactical data links

# ...defence budgets aligned with Ultra capabilities

4

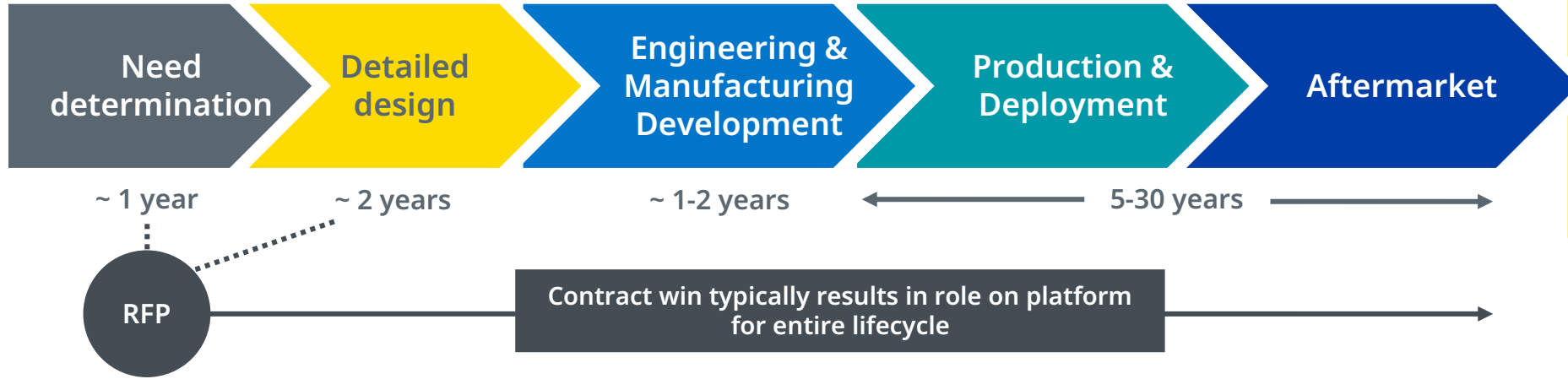
# Technology driving record order book



# Excellent long-term visibility...

ULTRA

Defence and aerospace platform lifecycles are long and stable



Ultra technology solutions deployed on 300+ programmes serving five-eyes governments, primes & critical infrastructure providers

Sole source positions on long term programmes...



...and exposure to high-value next generation platforms

...through custom solutions and reputation for excellence



# ONE Ultra increasing growth opportunities...

## Intimate customer knowledge...

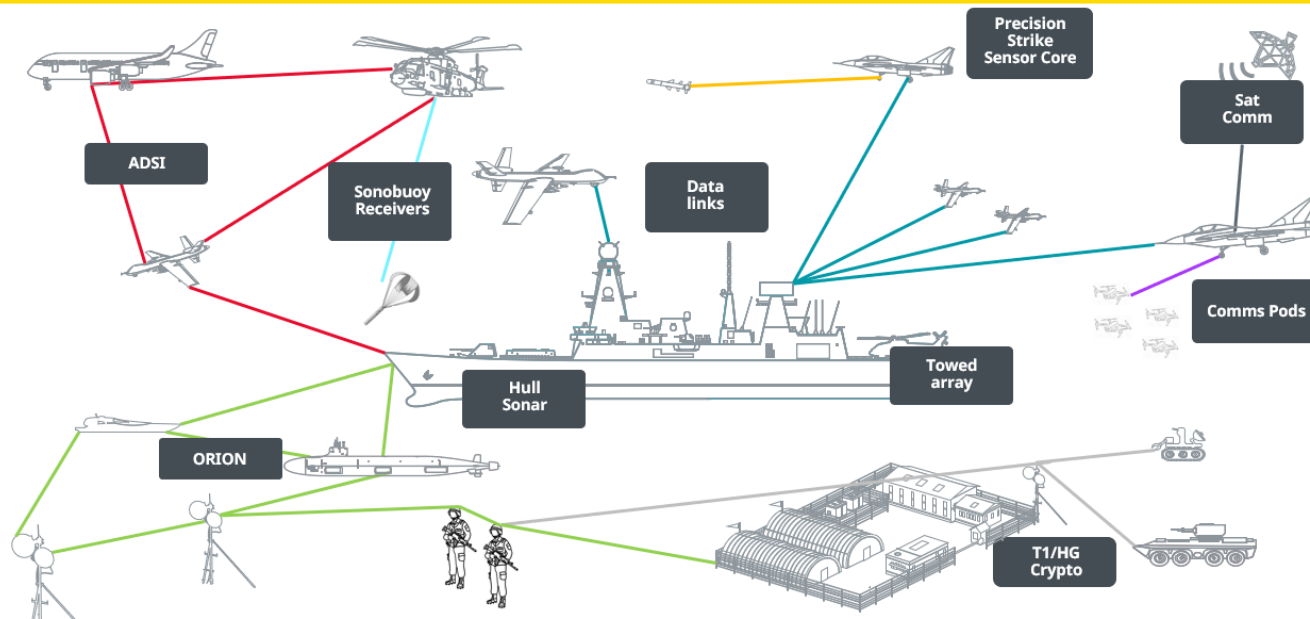
- + A trusted, long term and strategic partner
- + Provide solutions that underpin modernisation:



- + Work with customers to define future need specs
- + Increasing engagement with advanced research customers:



## ...market leading capabilities...



## ...providing more integrated solutions

### Integrated Air Defence System (IADS)

Indian Navy

Active sonar	Passive sonar
Torpedo defence	Torpedo countermeasures

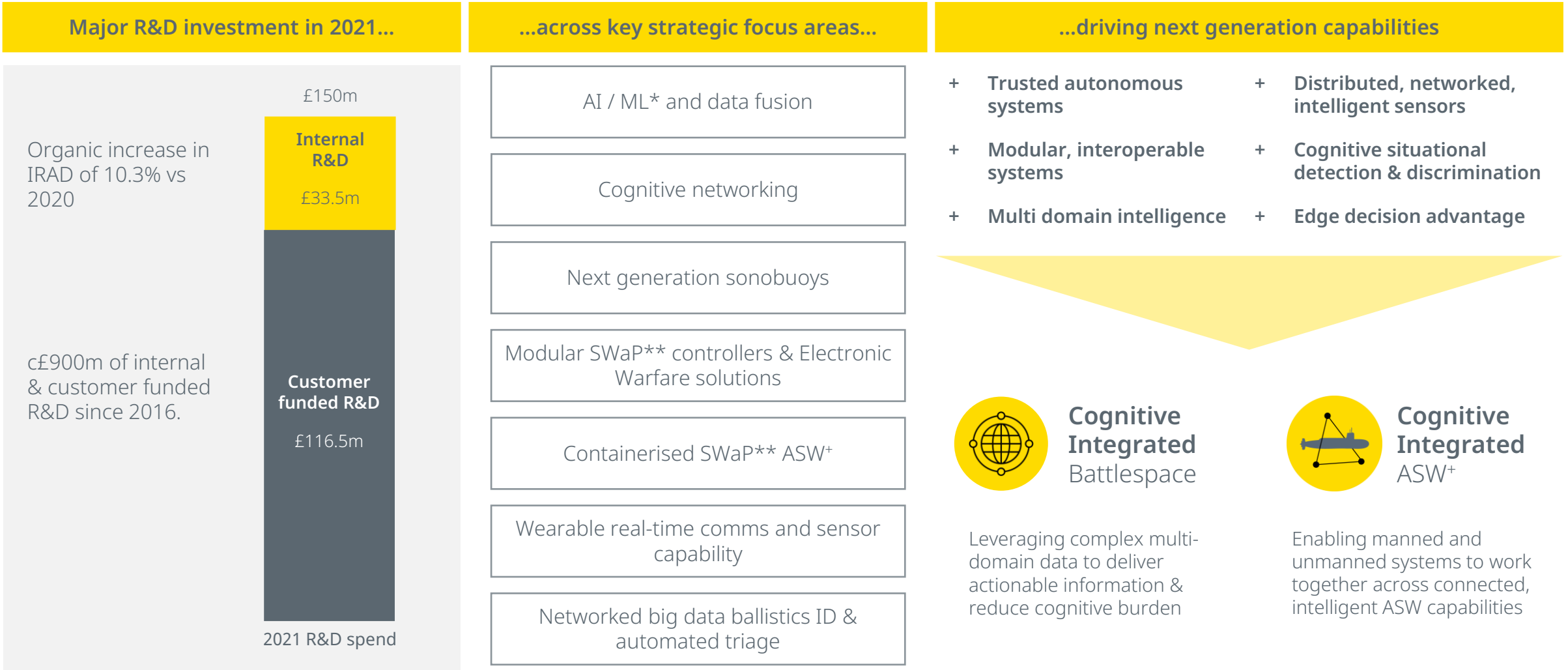
### Integrated Command & Control

Tunisia, Romania

Situational Awareness Management Software (SAMS)
Air Defence System Integrator (ADSI)

...combined capabilities core to customer modernisation

# Optimised R&D strategy...



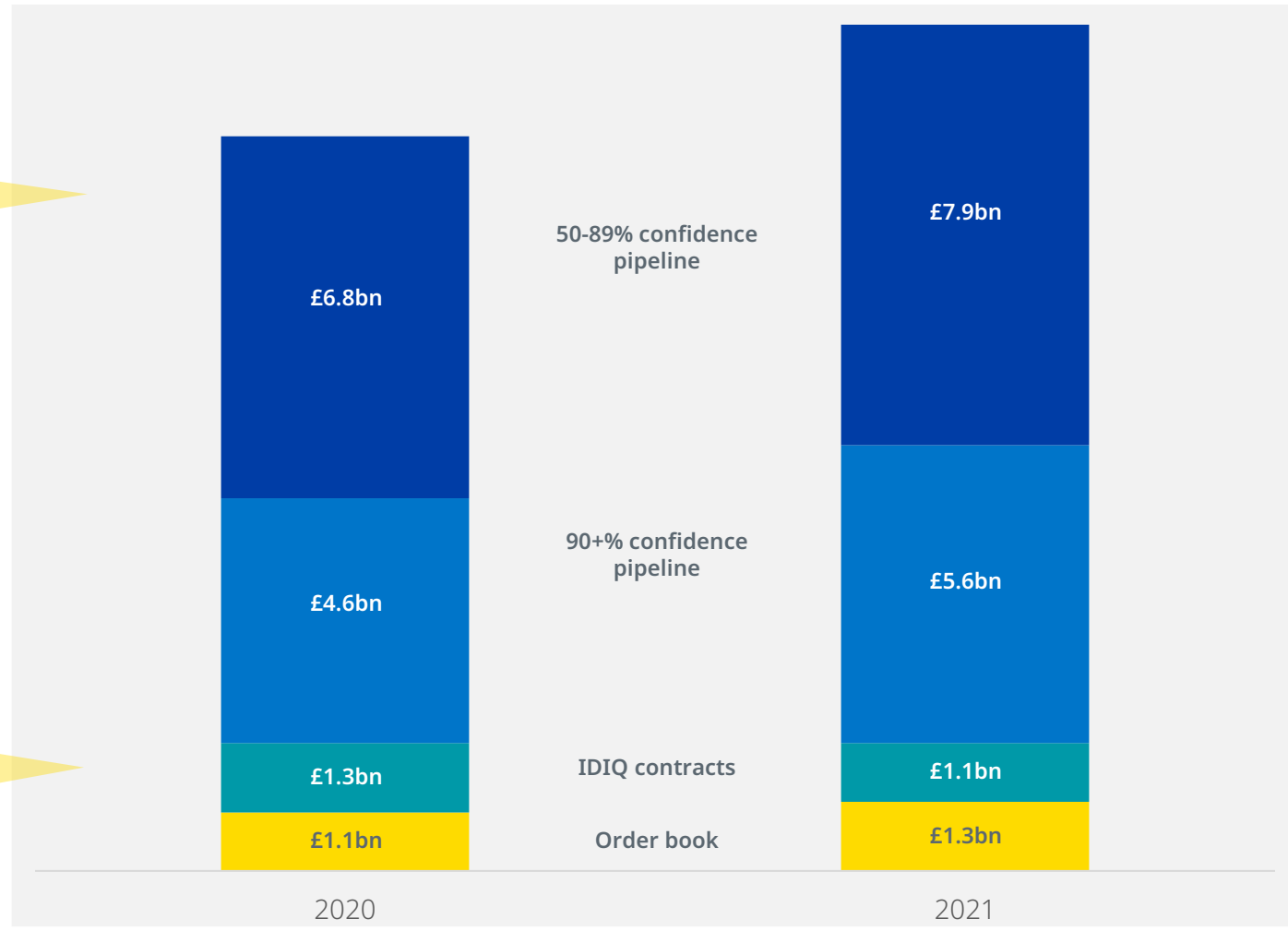
\*AI/ML – Artificial Intelligence / Machine Learning  
 \*\* SWAP – Size, Weight and Power  
 + Anti Submarine Warfare

...enhancing technology advantage

# All driving a strong and growing sales pipeline...

Total sales pipeline: £13.5bn  
(2020: £11.4bn)

IDIQ contract value decreased due to significant 2021 orders



**50-89% confidence pipeline\*:**

New programmes Ultra anticipates bidding on where we do not have an incumbent position today

**90+% confidence pipeline\*:**

Orders on existing programmes where Ultra has a sole-source position today (90% to account for order volume uncertainty on 2030+ platforms)

**IDIQ contracts:**

Internal measure of the expected call off and exercise of existing IDIQ contracts

**Order book:**

Firm contracted orders we have from existing contracts and programmes

\*FY21 data now also includes Energy pipeline

...increased confidence in Ultra's exciting future

5 Good momentum

We deliver solutions  
that help warfighters  
integrate, share  
and act on time  
critical information

# Increased confidence in Ultra's exciting future



Strong progress



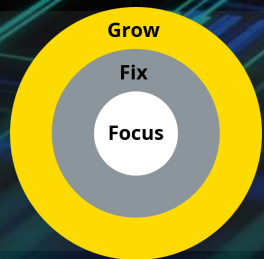
Transformation delivering



Growth ahead of markets



Another record order book



Good momentum

...delivering for all stakeholders

6 Appendices



# Our strategic business units



## Maritime

(46% of Group revenue)

A strategic partner in the maritime defence domain, primarily across the five-eyes\* nations

Our Operating Business Units:

- + Sonobuoy Systems
- + Sonar Systems
- + Naval Systems & Sensors
- + Signature Management & Power



## Intelligence & Communications

(28% of Group revenue)

Delivering information advantage to the war fighter through the intelligent application of technology

Our Operating Business Units:

- + Command, Control & Intelligence
- + Tactical Communications
- + Advanced Cyber Security
- + Specialized Radio-Frequency System



## Critical Detection & Control

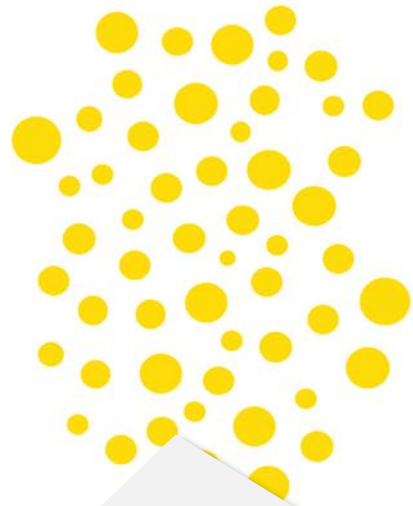
(26% of Group revenue)

Developing and delivering control systems, data analytics and sensors to solve complex problems for customers

Our Operating Business Units:

- + Precision Control Systems
- + Forensic technologies
- + Energy and industrial sensors and systems

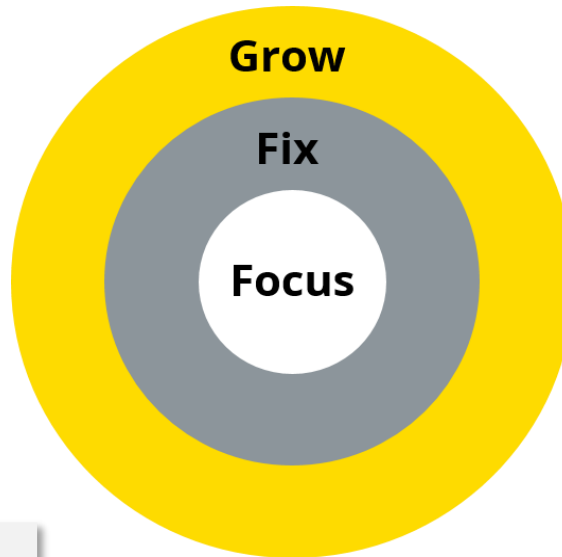
## Historical state



An aggregation of SME's, with limited integration

- Confused, no strategy
- Internally and externally difficult to work with, inwardly focused
- Tactical and short-term
- Maturing technology/capability, limited/uncoordinated investment
- Inconsistent processes/poor execution/poor decision-making/weak delivery

## Change agenda



## Future state



One organisation, with a common purpose and shared values

- Focused, consistent strategy
- Aligned, collaborating, sharing for best stakeholder outcomes
- Strategic, relevant, innovative problem solvers, targeted relevant investment
- Process and improvement focused, cost efficient
- Agile, turbo-charged, quality decision making
- Rigorous execution and delivery









# ONE Ultra will deliver an organisation with...

## A Common Purpose

Innovating today for a safer tomorrow.

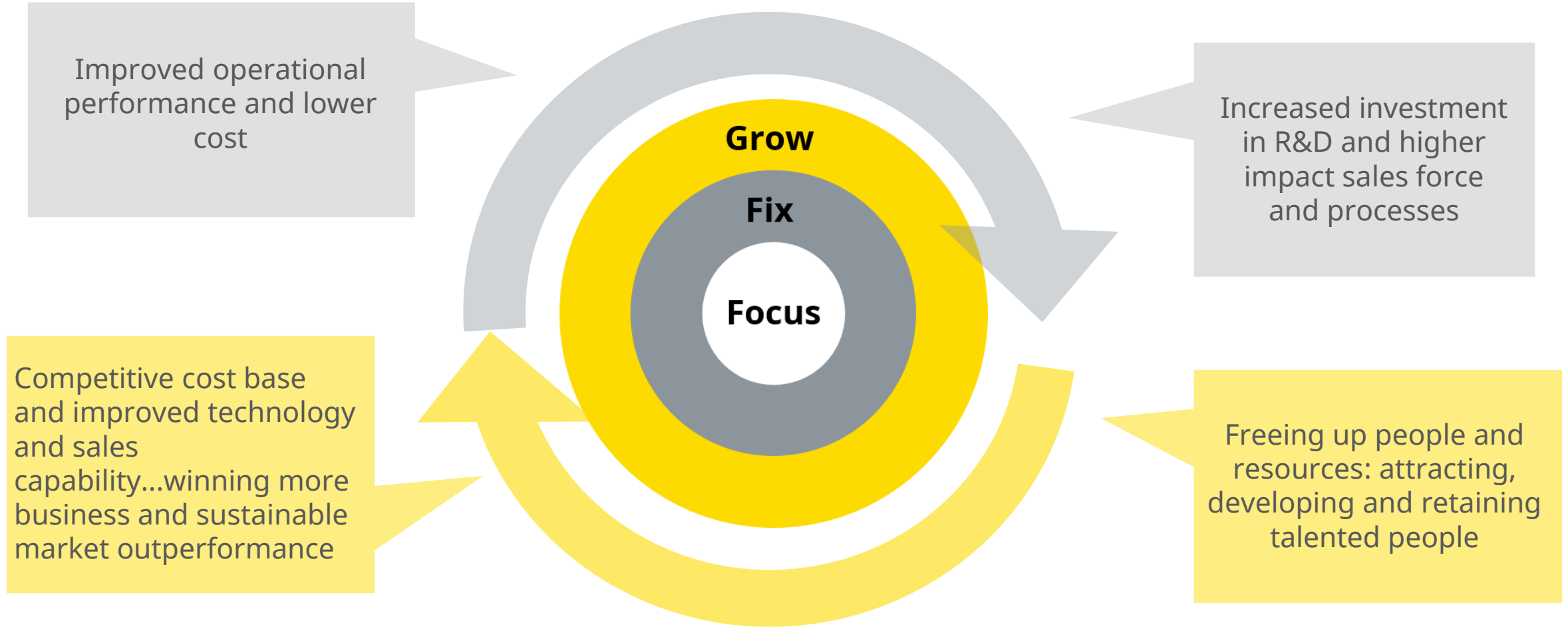
## Shared Values

-  Agile
-  Sharing
-  Performing
-  Innovating
-  Rewarding
-  Empowering

## An over-arching Vision

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

# Our Focus; Fix; Grow transformation...



... growth & value creation underpinned by transformation benefits

# Supporting ESG, which is at the heart of ONE Ultra...

## Ultra's core purpose is to support a safer tomorrow:

- Protect societies from invasion and loss of freedom;
- Preserve democracy, tolerance and peace;
- Create, sustain and protect critical infrastructures;
- Create and systems that support societies and protect culture;
- Secure space and protect national borders for people and places to evolve; and
- Protect society by finding and prosecuting perpetrators of gun crime.

For more information, read our 2021 Sustainability report



### Protecting our planet

- Protecting our societies from increasing near peer threats
- Global alignment to ISO 14001 and ISO 50001
- Began journey to UN 'Race to Zero'
- Strong progress on waste and plastic reduction

### Supporting our people

- UK Armed Forces Covenant Gold Award
- Established veteran's committee
- Uniquely Ultra community well embedded
- Strong focus on wellness across business

### Giving back

- 2,000 hours contributed to community activities across Group
- > £500,000 donated to charitable causes in past 2 years
- Creation of ONE Ultra STEM framework

### Doing the right thing

- Group wide Anti-Bribery and Corruption & data privacy training & bi-annual code of conduct training
- Launched Supplier Code of Conduct

...delivering value for all stakeholders

# Defined exceptional outcomes & set 2024 targets

ULTRA

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

Partner with customers, delivering innovative solutions that create “win-win” outcomes for all parties

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

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

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

Top quartile engagement  
Voluntary turnover <10%  
75% critical roles filled internally  
Diverse leadership  
100% succession plans

#1 or #2 in strategic markets  
Top quartile NPS  
OTD: 100% production, 99% development  
20% orders from new Ultra tech - with positive ROI

Full compliance with Ultra standards  
Full compliance with supplier terms  
No unmitigated sole source supply risk  
Total supplier cost reduced

In top half of ESG indices  
Meet / exceed impact reduction targets  
Zero lost time H&S  
>1% of Group operating profit to community/charity

Growth ahead of market  
Efficiency benefits  
Sustainable cash return on invested capital

36 employees

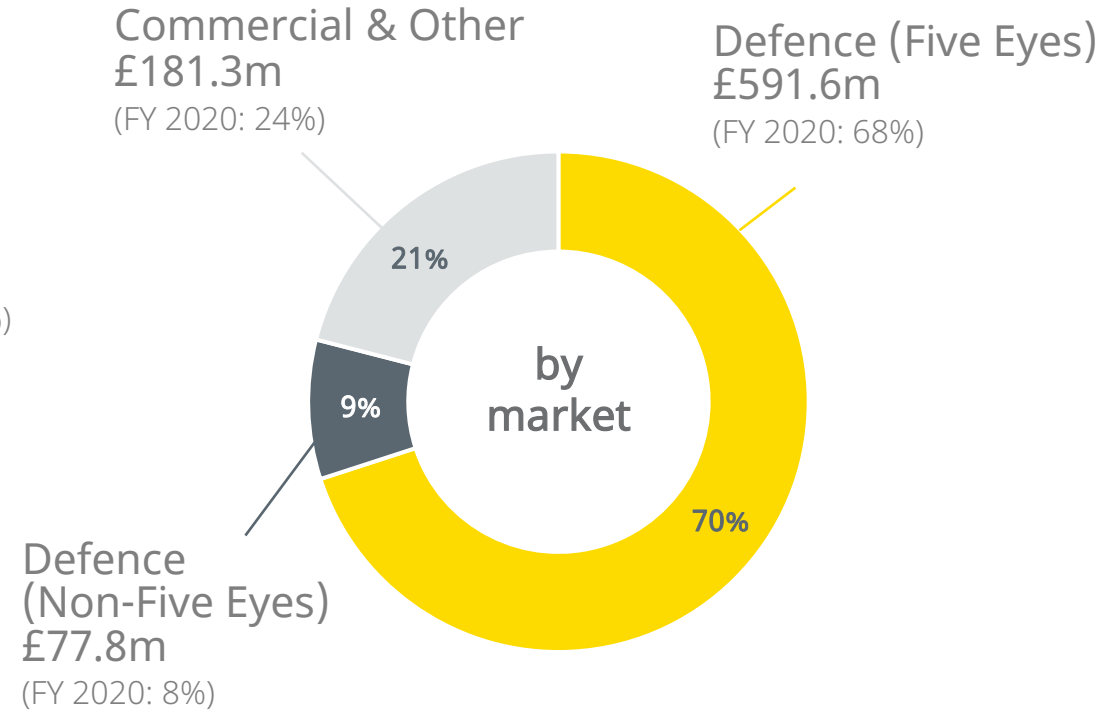
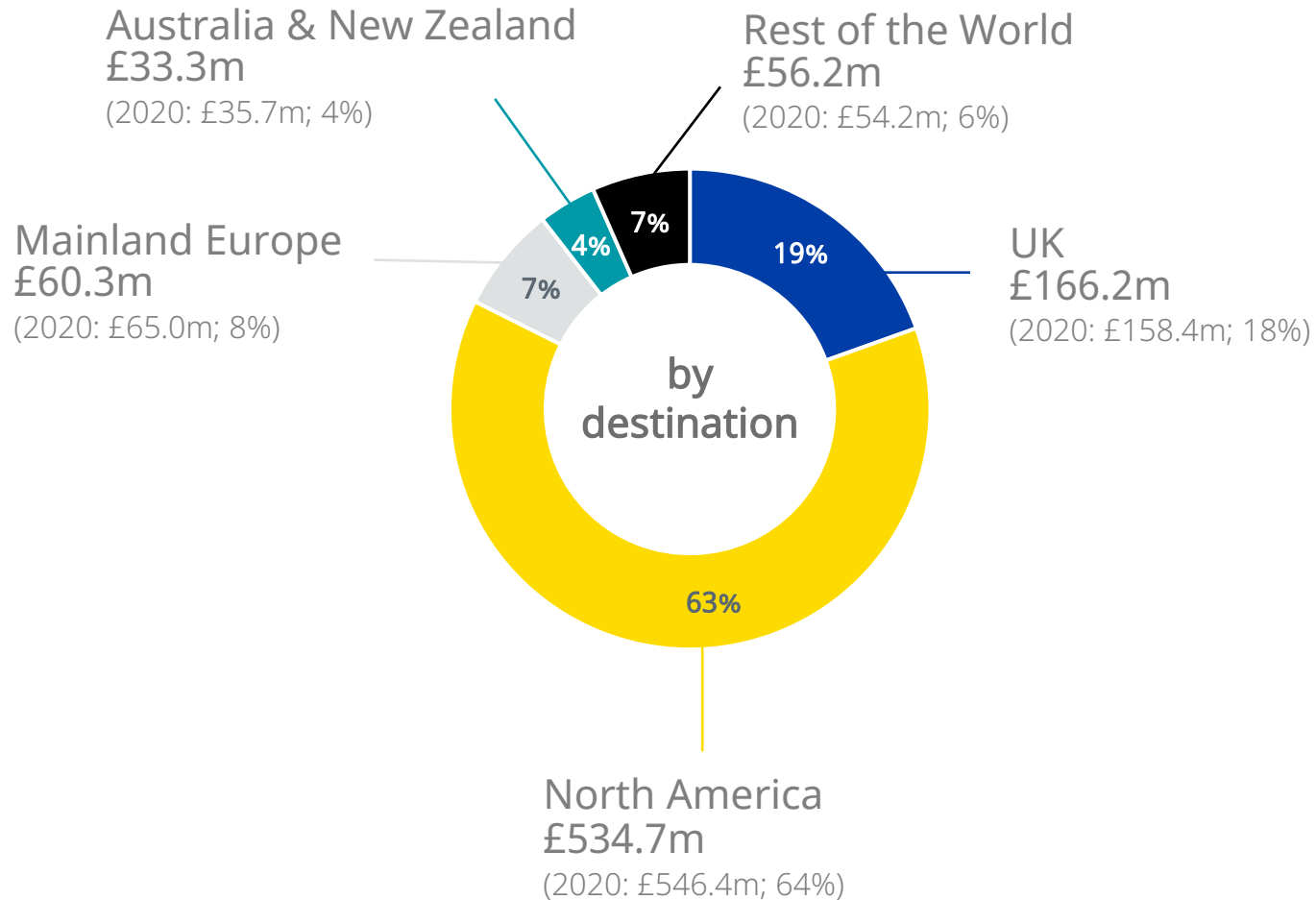
customers

suppliers

communities

investors

# FY 2021 revenue breakdown



£'m	2021	2020
Underlying profit before tax <sup>(3)</sup>	116.6	114.5
(Loss)/gain on derivatives mark to market	(7.8)	3.4
Amortisation of acquired intangibles	(9.8)	(12.6)
Acquisition and disposal related costs	(7.8)	(1.1)
(Loss)/gain on disposal and held for sale	(2.4)	2.8
Significant legal charges and expenses	(6.1)	(3.3)
<b>Statutory profit before tax</b>	<b>82.7</b>	<b>103.7</b>

Reduction in amortisation due to historical acquired assets becoming fully amortised

<sup>3</sup> see Schedule 1.

...reduced predominantly due to M&A costs

- (1) Underlying operating profit and margin are before amortisation of intangibles arising on acquisition, acquisition and disposal related costs, and significant legal charges and expenses.
- (2) Underlying profit before tax and earnings per share are before amortisation of intangibles arising on acquisition, fair value movements on derivatives, acquisition and disposal related costs, gain or loss on disposal, and significant legal charges and expenses.
- (3) Organic movements are the change in revenue, operating profit and order book at constant currency translation when compared to the prior period results and adjusted for acquisitions or disposals to reflect the comparable period of ownership.
- (4) ROIC is calculated as underlying operating profit for the twelve months preceding the period end expressed as a percentage of invested capital (average of opening and closing balance sheets). Invested capital is defined as net assets of the Group, excluding net debt and lease liability, pension obligations, tax and derivatives.
- (5) Underlying operating cash flow is cash generated by operations, after principal payments on leases, net expenditure on property, plant and equipment, outflows for capitalised product development and other intangibles, and adding back the operating cash impacts arising from M&A, disposals & closures, and significant legal charges & expenses.
- (6) Operating cash conversion is underlying operating cash flow as a percentage of underlying operating profit.
- (7) Order cover is the ratio of the 31 December 2021 closing order book due for execution in 2022, vs consensus revenue for 2022. All at constant currencies.
- (8) Order book is the value of partially satisfied and unsatisfied performance obligations from contractually committed customer orders.

The comparative period has been presented at constant currency translation and adjusted for disposals to reflect the comparable period of ownership