



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.

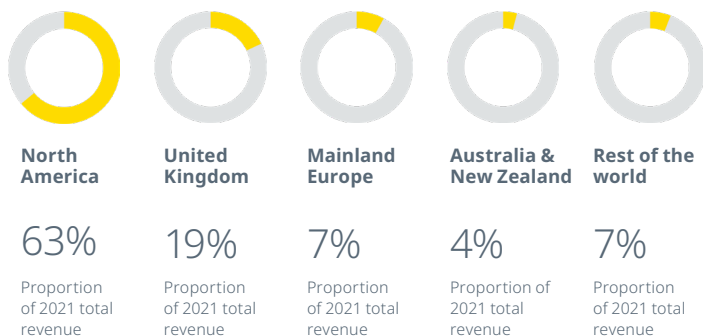
We support a wide range of technologies on many of the world's long-term military programmes. We employ over 4,500 talented people across the globe and are listed on the London Stock Exchange.

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.

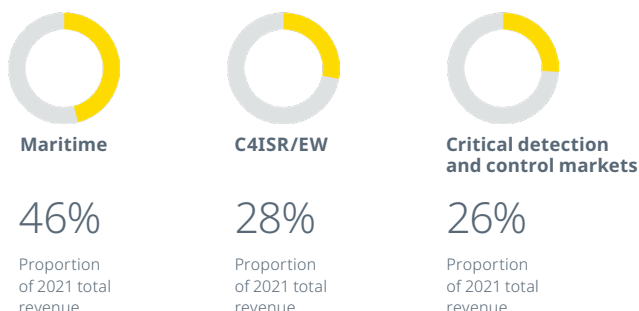
Our global reach: where we operate

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.



Financial summary

£ m	2021	2020	Change %
Order book	1,300.9	1,064.2	+22.0
Revenue	850.7	859.8	-1.1
Underlying operating profit*	129.6	126.1	+2.8
Underlying operating margin	15.2	14.7	+50bps
Profit before tax	82.7	103.7	-20.3
Underlying operating cash flow**	111.5	116.1	-4.0
Underlying EPS	135.7p	130.6p	+3.9
Dividend per share (p)	16.2p*	56.9p	-71.5
Return on Invested Capital (%)#	21.2	20.0	
Net Debt to EBITDA^	0.48x	1.05x	

*Underlying operating profit is before amortisation of intangibles, M&A related costs, significant legal charges and expenses.

** Underlying operating cash flow is cash generated by operations, less principal payments on finance leases, net capital expenditure and R&D, excluding cash outflows from M&A and significant legal charges and expenses.

+ Under the terms and conditions of the recommended cash acquisition of Ultra, no 2021 final dividend will be paid to shareholders while the acquisition remains conditional. The total full year dividend is unchanged from the interim dividend.

ROIC is underlying operating profit as a % of invested capital (net assets excluding net debt and lease liability, pension obligations, tax and derivatives)

^ 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

UK MoD

Lockheed Martin

BAE Systems

Northrop Grumman

Pratt & Whitney

Boeing

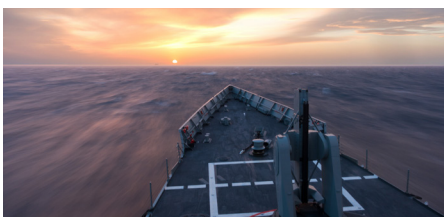
Australian DoD

US Bureau of Alcohol, Tobacco, Firearms and Explosives

General Dynamics

Direct and indirect sales to the US DoD and UK MoD accounted for 60% of 2021 revenue.

Our Strategic Business Units



Maritime

Designing 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

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

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.

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

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

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

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

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

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

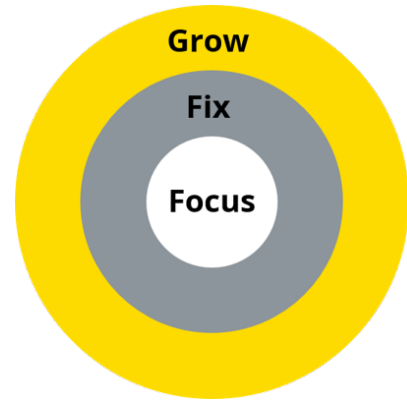
Our transformation journey to become **ONE Ultra**

Growth and transformation driving improving stakeholder outcomes

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.



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.



Diversity and inclusion

Developing our people

Health and wellbeing



Climate change, energy and emissions

Pollution, waste, biodiversity and habitat

Our technology and products

Protecting societies against emerging threats



Donations and funding

Giving back framework



Data privacy and information security

How we work with our employees and suppliers

Cognitive and integrated technologies, built to deliver **decision advantage**

From data to decisions

The battlefield has changed. Threats are growing in size, sophistication and activity.

To respond, our customers need solutions that are more connected, more agile and more intelligent - giving them the ability to make effective decisions on time, every time.

We are developing next generation technologies that will fuse and enhance data across every domain. They will be:

Cognitive

autonomously closing the gap between data and decisions

Integrated

interoperable systems - modular and connected by design

These technologies will ensure our users hold decision advantage every time it matters:

Disciplined and ambitious R&D investment

£900m

invested in customer and internal R&D since 2016

+10%

increase in internal R&D investment in 2021

17.6%

of 2021 total revenue invested in R&D

40%

of our global workforce in engineering

300+

platforms use Ultra technologies

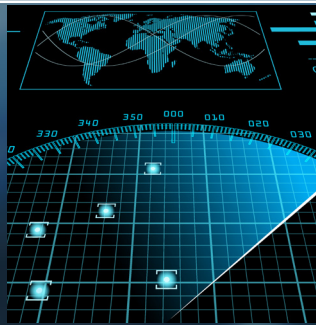
Cognitive Integrated Battlespace

Cognitive Integrated ASW*

CI: Tasking

Autonomous and self learning COA (course of action recommendation) means effective decision making that is measured in seconds, not hours.

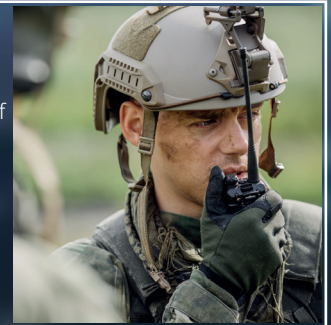
- + ADSI
- + TacView
- + EOR Heads
- + Litening Pod



CI: Comms

Maintaining information flow across the battlespace to deliver what users need when they need it, regardless of the environment.

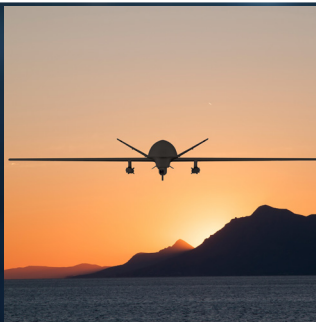
- + ORION radios
- + REAP Pod
- + HIDL data links
- + UltraLynx
- + ADSI



CI: Intelligence

Combining and leveraging a universe of data to help identify the next threat, no matter how quickly it appears

- + RAIN
- + Athena
- + NGSSR
- + Litening Pod
- + REAP Pod



CI: Detection

An intelligent and unified matrix of sensors, working in concert to make the oceans more transparent than ever.

- + Variable depth sonar
- + Sonobuoys
- + Towed Array
- + Hull mounted sonar
- + Persistent systems



*ASW: Anti-submarine warfare

Innovating today
for a safer tomorrow.



Ultra Electronics Holdings plc
35 Portman Square
London W1H 6LR
investor.relations@ultra-electronics.com
020 8813 4321
ultra.group