
Cohort plc



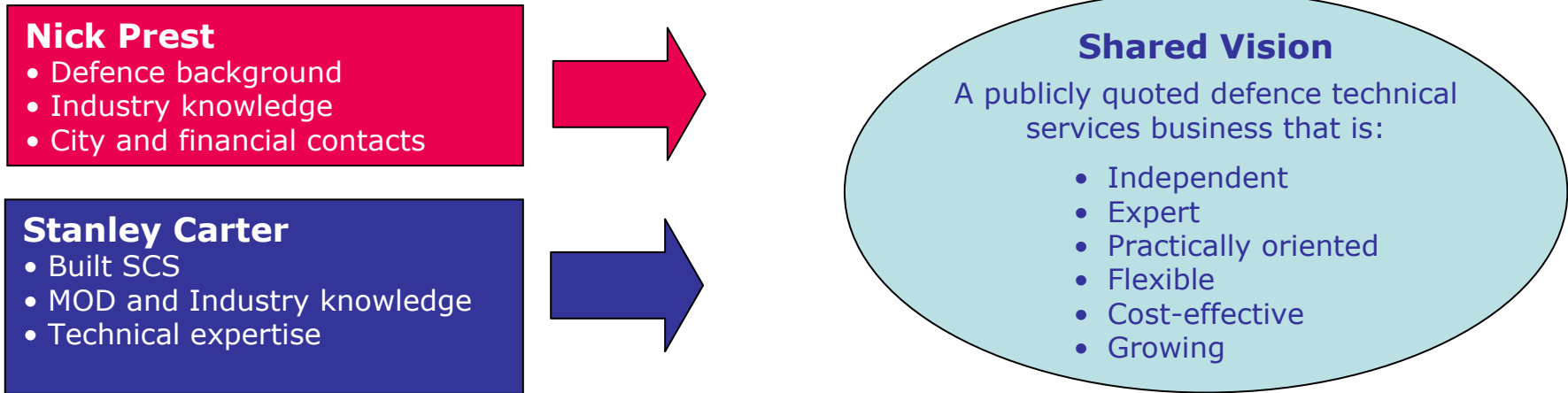
Nick Prest

Stanley Carter

Simon Walther

July 2007

Cohort plc – Who are we?



- Provides independent defence technical services
- Complementary businesses with a strong record of performance
- Flexible and cost-effective, world-class expertise
- A financially stable and growing group

Cohort plc - Company Overview

Corporate history:

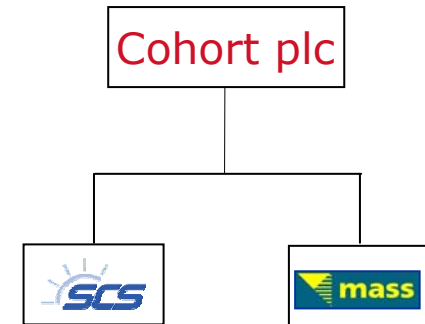
- Jan 06: plc established
- Feb 06: acquired SCS (est. 1992)
- Mar 06: admitted to AIM
- Aug 06: acquisition of MASS (est. 1983)
- Apr 07: First full year results in line with expectations

Statistics snapshot:

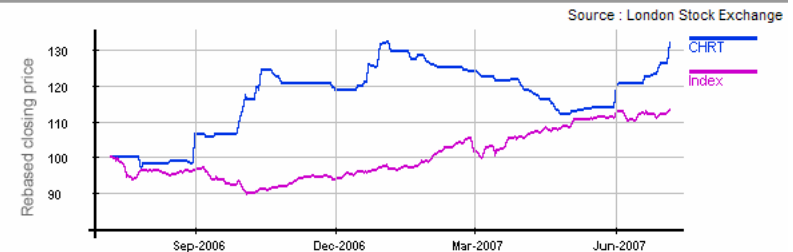
- Annual sales c£40m
- Market capitalisation c£55m

Growth strategy:

- To organically grow existing operations while actively seeking both 'complementary' and also 'bolt-on' acquisitions for SCS and MASS.



Share price performance



Cohort plc - Directors



Nick Prest CBE, Chairman

- Former Chairman of Alvis plc and the Defence Manufacturers' Association



Stanley Carter, Chief Executive

- Founder of SCS and former colonel in the British Army



Simon Walther, Finance Director

- Former Group Financial Controller at Alvis plc



Sir Robert Walmsley KCB, Non-Executive Director

- Former UK Chief of Defence Procurement

Highlights

- Cohort Board working well as a team
- Annual targets met
- Acquired MASS
- SCS revenue growth 24%, profit 18%
- Full time Managing Directors appointed for
 - MASS: Andrew Thomis (formerly Cohort Corporate Development Director)
 - SCS: Richard Bounsall (formerly MOD BOWMAN Project Leader)
- Cohort concept well received by MOD and Industry
- Need for independent technical advice recognised
- Technical advice market buoyant

Financial Highlights

	2007 £m	2006 £m	%
Turnover	34.4	17.8	+93
Trading profit (excluding goodwill and share-based payments)	3.0	1.8	+67
Profit before tax	2.5	1.4	+79
Normalised earnings per share	9.0 p	6.8 p	+32
Cash	5.0	5.8	-14

MASS - Background



- MASS Consultants Limited is an independent UK-based Systems House
- Defence & Aerospace market focus, delivering Systems Engineering, Software and Electronic Engineering services and solutions to Government and Industry
- Key activities:
 - Managed Services
 - Electronic Warfare
 - Secure Communications
 - Information Assurance
- Formed in 1983, based in St Neots, near Cambridge with an office in Lincoln
- Annual turnover of c£14m, order book £30m with delivery over the next 3 years
- 110 Employees (including 25 Associates)

Clients include:

MOD
BAE Systems
Selex
MBDA
ITT Defence
Ofcom
VT Group
Ultra
NATO
Police
Boeing
Lockheed Martin

SCS - Background

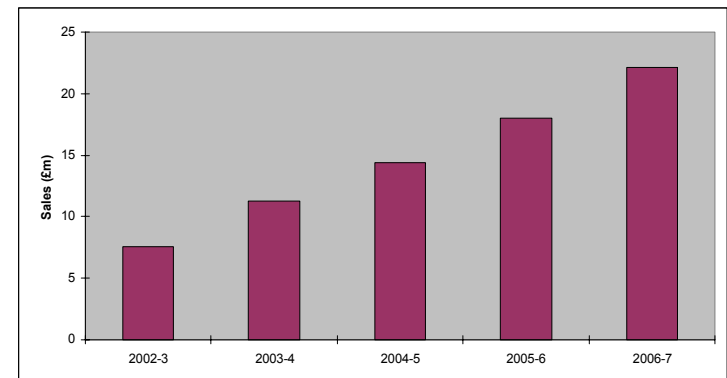


- Company established in 1992 to satisfy demand for advisers with professional knowledge and practical armed forces experience within the defence & security sectors
- Based in Henley-on-Thames
- Initial focus on C4IS strategies and projects within defence sector
- Steady expansion. Moved into other defence areas, then activities such as crisis management for non-military customers
- Average year-on-year sales growth to date over 30% in five years 2003-2007
- X-listed, ISO9001, BS7799, Tick-IT
- Approximately 110 permanent Employees, & approximately 110 Associates deployed. c70% ex-military, 30% civilian

Clients include:

MOD
BAE Systems
EDS Defence
General Dynamics
Lockheed Martin
NATO
QinetiQ
Raytheon

Recent Sales History



P&L Account

Year ended 30 April	2007 £'000	2006 £'000
Turnover	34,419	17,823
Gross Profit	8,392	4,418
Overhead (excluding goodwill and share based payments)	(5,410)	(2,621)
Trading Profit	2,982	1,797
Joint Ventures	(242)	(148)
Exceptional Items	114	(319)
Profit before interest, goodwill and share based payments	2,854	1,330
Earnings per share:		
Basic	7.26p	5.47p
Normalised	8.97p	6.77p

Turnover & Gross Profit

Year ended 30 April	2007 £'000		2006 £'000	
Turnover:				
SCS	22,144		17,823	
MASS	12,275		-	
	34,419		17,823	
Gross Profit:				
SCS	5,472	(24.7%)	4,418	(24.8%)
MASS	2,920	(23.8%)	-	
	8,392	(24.4%)	4,418	

Joint Ventures / Exceptional Items

Year ended 30 April	2007 £'000	2006 £'000
Joint Ventures:		
Advanced Geospatial Solutions Limited (AGS) <i>(formerly SCS Mothership Limited)</i>	(161)	(7)
Digital Millennium Map LLP	(81)	(141)
	(242)	(148)
Exceptional Items:		
Provision against joint ventures	113	102
Provision against related party undertakings	-	(339)
Profit /(loss) on sale of fixed assets	1	(82)
	114	(319)

Overhead

Year ended 30 April	2007 £'000	2006 £'000
SCS	3,212	2,511
MASS	1,604	-
Cohort	594	110
	<u>5,410</u>	<u>2,621</u>

Earnings per share

Year ended 30 April	2007 £'000	2006 £'000
Basic earnings	2,006	919
Goodwill	515	-
Share based payments	71	-
Exceptionals (net of tax)	(114)	217
Normalised earnings	<u>2,478</u>	<u>1,136</u>
Weighted average share capital	27.6m	16.8m
Normalised EPS	8.97 pence	6.77 pence

Balance Sheet

At 30 April	2007 £'000	2006 £'000
Goodwill	13,207	-
Other fixed assets & investments	49	8
	<hr/>	<hr/>
	13,256	8
	<hr/>	<hr/>
Stock	409	-
Debtors	8,035	6,375
Cash	5,015	5,591
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	13,459	11,966
Creditors	(5,839)	(2,830)
Provisions	(560)	(220)
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Net assets	20,316	8,924
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Cash flow

Year ended 30 April	2007 £'000	2006 £'000
Operating profit	2,396	1,797
Working capital movement	(227)	(958)
Depreciation, goodwill amortisation and share based payments	773	54
Cashflow from operations	2,942	893
Capex & investments	(110)	(455)
Sale of property	-	868
Tax	(787)	(603)
Dividends	(236)	(159)
Acquisition of MASS	(11,935)	-
Share Issue (net of costs)	8,529	5,323
Other	1,021	113
Cash flow	(576)	5,980
Opening net cash / (debt)	5,591	(389)
Closing cash	5,015	5,591

Order Book

	At 30 Apr 2007	At 1 Aug 2006
	£m	£m
SCS	8.7	7.7
MASS	29.6	33.3
	<hr/>	<hr/>
	38.3	41.0
	<hr/>	<hr/>

Major orders include:

Managed Services	18.4	23.7
SCA	4.1	8.2
Overseas EW	5.9	-

Outlook

- Strong order book exceeding £38m going into 2008 with over 40% of 2008 budget sales covered.
- MASS progressing well in securing overseas EW work and expanding long term Managed Services business.
- SCS growth facilitated by continued military over-stretch (high operational tempo) and MOD restructuring.
- New focused management teams in operating businesses from start of 2007/08 financial year.
- Cohort Executive team able to place more focus on acquisitions.
- Good prospects for further acquisitions.