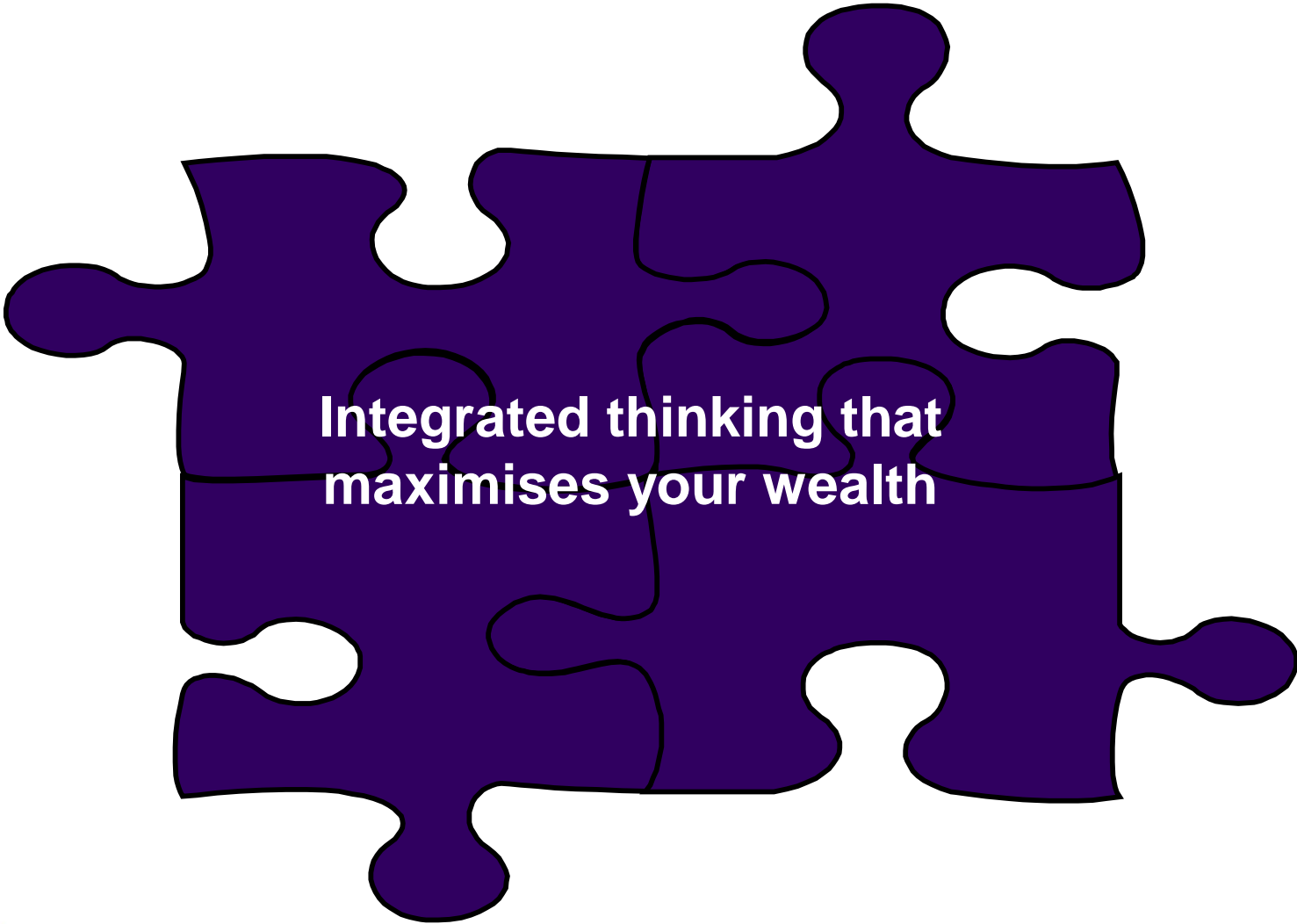


Supplying the defence sector: Fit for Business

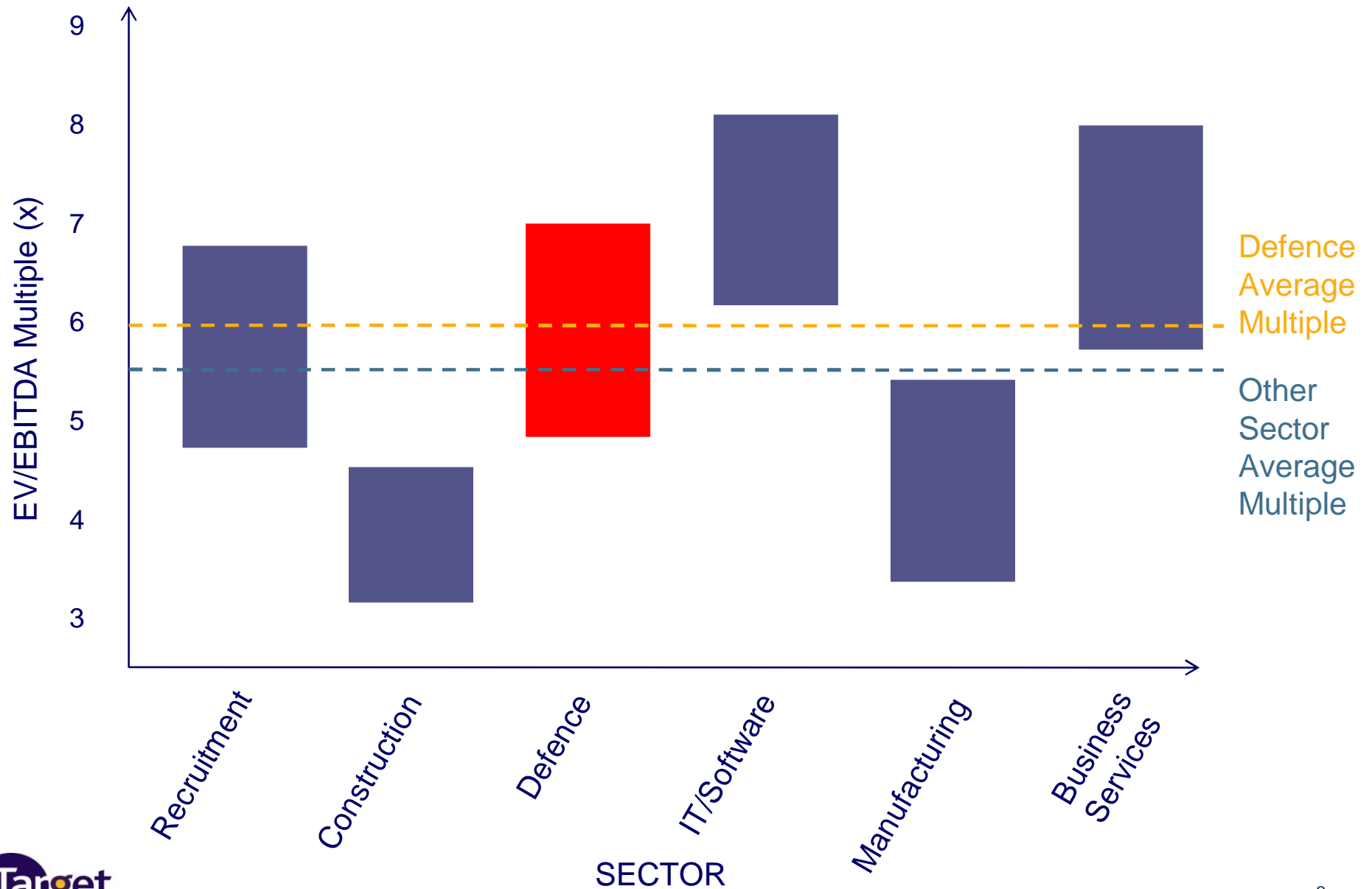
By Matt Eves
Head of Target Corporate Finance

18^h June 2008





Will supplying the defence sector affect my valuation?



What drives the value of your business?

Market position

Quality of
Customers

Market
Position

Position in
Supply Chain

Product
Uniqueness

Financial arrangements

Visibility of
Income

Certainty of
Income

Outstanding
debt

Operational quality

Quality of
Overall
Management

Quality of
Service

Commercial
Contracts /
Arrangements



- Tier 1 type relationship with MoD
- Responsiveness to customers
- Relationship with suppliers



- Platform from which to tender larger contracts
- Naval market position complement acquirer aerospace markets
- High quality management structure

Tier 1 suppliers pushing down contractual risk

Visibility of earnings through long term partnering agreements

Enhanced control of supply chains

Urgent operational Requirements versus ongoing spend of MoD

Value impact of limited spread of clients

Plan your growth and value extraction

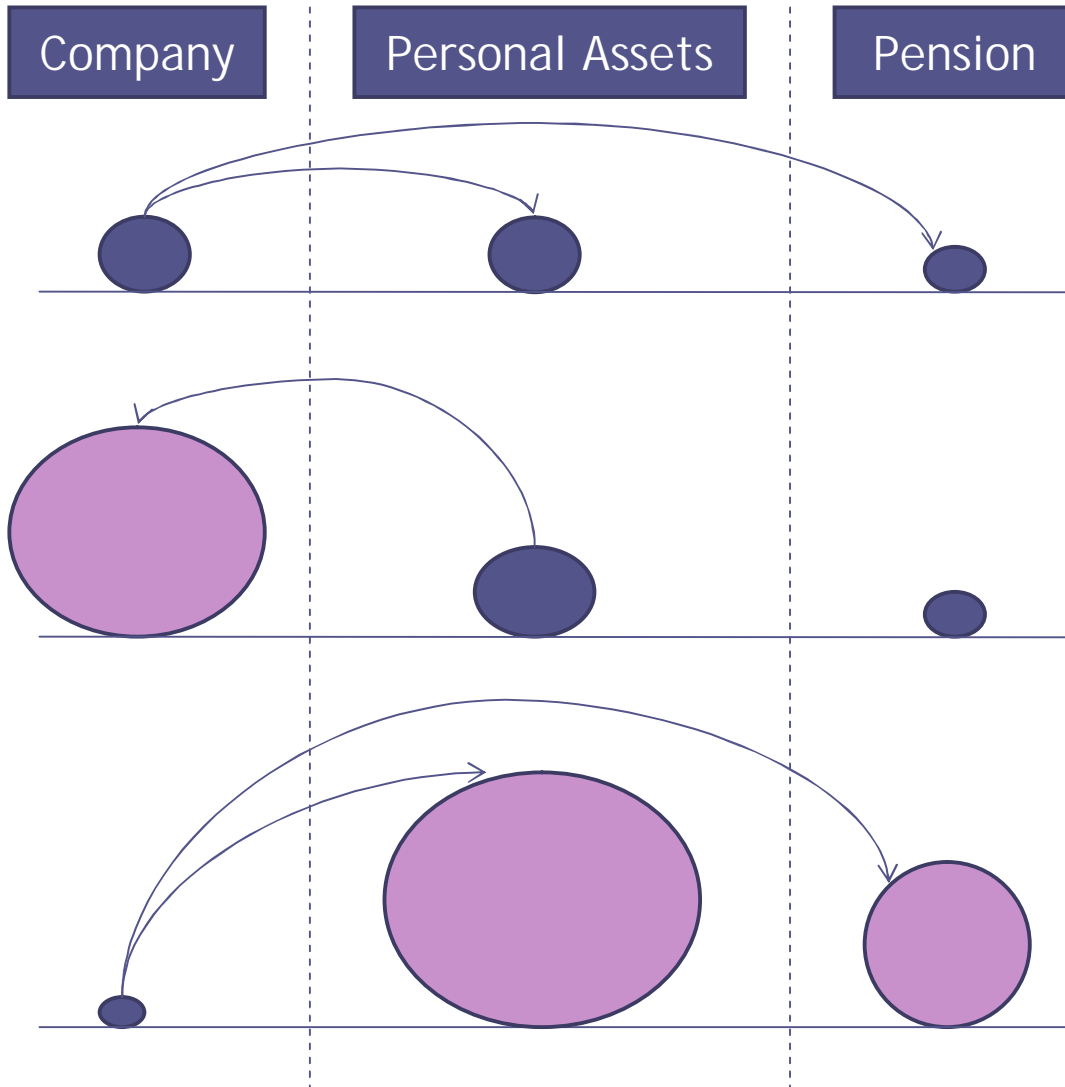
Value is affected more by preparation for than being in a sector

Studies of private equity transaction returns show that focussing on maximising your value will enhance the **rate of return by up to 25%**

Careful positioning, product focus and appropriate PR

By planning your route to achieving value you will maximise shareholder wealth

Extract Or Invest?



- Accountants often recommend saving tax and stripping cash out

- But should you grow value by thinking about maximising company value?

- Then when the time is right extract and convert to cash

Conclusions

Map out your objectives

Protect your position contractually

Set the strategy to reach the goals

Position your business

Achieve your goals and maximise your shareholder value

