

**28 June 2016**

**Cohort plc**  
**("Cohort" or "the Group")**

**Cohort completes acquisition of controlling stake in Portuguese defence business**

Further to its announcement on 7 March 2016, Cohort, the independent technology group, is pleased to announce that it has acquired 56.89% of the share capital of Empresa de Investigação e Desenvolvimento de Electrónica, S.A., ("EID"), for a consideration of €10.7m (£8.9m). EID is a Portugal based supplier of advanced electronics, communications and command and control products and systems for the global defence market. The acquisition is from existing shareholders EFACEC Capital S.G.P.S. S.A and Rohde & Schwarz GmbH, in line with the terms set out in the original acquisition announcement of 5 August 2015.

Cohort has agreed in principle to acquire a further stake from two agencies of the Portuguese Government on the same terms, such that its final holding in EID will be 80% at a total cost of €15m (£12.5m). Timing and completion of this further transaction is dependent on the necessary approvals from the Portuguese government, and we will make a further announcement in due course. As part of this process we have agreed to negotiate certain rights for the Portuguese government in order to protect its shareholding and the interests of the Portuguese state.

**Funding of and background on EID**

As previously announced, the consideration is to be funded from existing cash resources and debt facilities. We recently secured a new three year £25m debt facility with RBS, Barclays and Lloyds to support investment in acquisitions and organic growth. EID will join MASS, MCL, SEA and SCS as the fifth member of the Cohort Group. EID is a cash generative business with a strong order book, healthy sales pipeline, highly competent and experienced defence engineering workforce and a modern, low cost, electronics manufacturing facility. The acquisition provides Cohort with the ability to offer a wider range of new and complementary capabilities to defence and security customers worldwide, whilst adding Portugal as a new home market for the Group's products, systems and services. It is expected to be earnings enhancing in Cohort's financial year ending 30 April 2017.

Cohort has also today issued its final results for the financial year ended 30 April 2016.

**Andrew Thomis, Chief Executive of Cohort, said:**

"The acquisition of a majority shareholding in EID marks significant progress in what has been a drawn out process. We are working with the Portuguese Government to complete the acquisition of a further stake in due course and confirm that the original rationale for the acquisition remains robust. We very much look forward to welcoming EID into the Group, and to working with them to realise the exciting growth opportunities that this transaction will create."

**Ends**

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**NOTES TO EDITORS**

[Cohort plc](#)

Cohort is an independent technology group working primarily for defence (air, land and sea), wider government and industry clients, through five market-facing subsidiary companies:

[MASS](#) - a specialist systems house with a focus on electronic warfare operational support, cyber defence and secure information systems. Based in Cambridgeshire, MASS was acquired by Cohort in August 2006;

[MCL](#) - an expert in sourcing, design and integration of surveillance and other electronic systems, as well as field support and training for the UK MOD and other government agencies. Based in Surrey, MCL has been part of the Group since July 2014;

[SCS](#) - a defence technical advisory business, providing a range of services, including independent technical evaluation of military aircraft safety, and design and delivery of large and small scale military training exercises. Owned by Cohort since flotation in March 2006;

[SEA](#) - an advanced systems and software business operating in the defence (naval systems, simulation, training and technology research), transport and offshore energy market sectors. Acquired by Cohort in October 2007.

[EID](#) – a Portugal based supplier of advanced electronics, communications and command and control products and systems for the global defence market, in which Cohort acquired a majority stake in June 2016.

[Cohort](#) was admitted to London's Alternative Investment Market in March 2006. It has its headquarters in Berkshire and employs in total around 800 core staff there and at its other operating company sites in Bristol, Cambridgeshire, Devon, Lincolnshire, Somerset, Surrey, Scotland and Portugal.

**Overview of EID**

EID is a hi-tech company with more than 30 years' experience in the design, manufacture and support of advanced, high performance command, control and communications equipment for the global defence and security market. Customers for its naval communications systems include the Royal Navy and other NATO navies including those of Portugal, the Netherlands, Spain and Belgium. It has also supplied a number of other export customers; in total its products equip over 120 warships worldwide, and its army products have also enjoyed wide domestic and export success.

EID operates through two market-facing divisions:

- Naval Communications: Integrated command, control and communications systems for warships.

- Tactical Communications: Radio equipment, field communications equipment, vehicle intercom systems and networking equipment, turnkey systems.

These divisions are supported by an internal production and logistics unit. EID operates from an engineering facility near Lisbon, and has a regional office in Malaysia. It has around 140 employees.

#### **Background to and reasons for the acquisition**

Cohort's Board believes that further investment in carefully targeted acquisitions will generate enhanced returns to shareholders. The Group seeks to acquire agile, innovative businesses operating in the defence and security sectors with growth potential and a degree of sustainable competitive advantage. EID meets all of these criteria.

The Board believes that the acquisition of EID will provide a number of benefits:

- A portfolio of complementary products and systems with a strong global market presence
- Good relationships in a number of important export markets in Europe, Middle East, Africa, Southeast Asia and Latin America
- A new home market in Portugal and access to EID's international customers for the Group's products and services
- Access to a highly competent and experienced defence engineering workforce
- A modern electronics manufacturing facility certified to the relevant NATO standards