

10 April 2012

The most important thing we build is trust



#### AEROSPACE AND SECURITY DIVISION

- Aerospace Communications
- Antenna Systems
- Commercial Systems
- Tactical Communications and Surveillance



#### DEFENCE SYSTEMS DIVISION

- Sensor Systems



#### MISSION SYSTEMS DIVISION

- Aviation Services
- Life Support
- Mission Equipment

Presentation to Cobham Investors -  
Voluntary Offer for Thrane & Thrane A/S

# Transaction Overview

- Voluntary public tender offer to the shareholders and warrant holders of Thrane & Thrane
  - DKK 420 per share in cash, valuing the equity of Thrane & Thrane at DKK 2,419m (approx £270m), consistent with level proposed to Thrane & Thrane Board
  - 43% premium to undisturbed price<sup>1</sup>
- Cobham already holds 1,453,795 shares (25.6% per cent) of Thrane & Thrane following share purchases disclosed separately on 5 April 2012
- Offer is final and will not be increased, except that Cobham reserves the right to increase the Offer in the event of an offer or a possible offer for Thrane & Thrane by a third party
- Offer document will be published in approximately one week, starting the 4 week offer period
  - May be extended, in accordance with Danish takeover process - maximum 10 week offer period
- Offer is subject to 50.01% shareholder acceptance and customary terms and conditions which will be detailed in the offer document

*(1) Premium to closing price on 24 February 2012, the last stock exchange date prior to Thrane & Thrane's announcement of an unsolicited approach*

# Valuation

- Offer of DKK 420 per share in cash translates to the following multiples:
  - EV/Revenue 2.32x LTM to Jan-12<sup>1</sup>
  - EV/EBIT 14.8x LTM to Jan-12<sup>1</sup>

Period	Thrane & Thrane Share Price <sup>2</sup>	Offer Premium
24 February 2012 <sup>3</sup>	DKK294.0	43%
3 months up to and including 24 Feb 2012	DKK268.9	56%
6 months up to and including 24 Feb 2012	DKK246.6	70%

(1) Underlying LTM financials for 12 months to 31-Jan-12: Revenue: DKK 1,092m; EBIT: DKK 171m. Source: Thrane & Thrane Interim report for the nine months ended 31-Jan-12

(2) Market closing price (or average closing prices for periods longer than one day). Source: Bloomberg

(3) The last Stock Exchange Date prior to the Board's announcement of an unsolicited approach

# Cobham Background

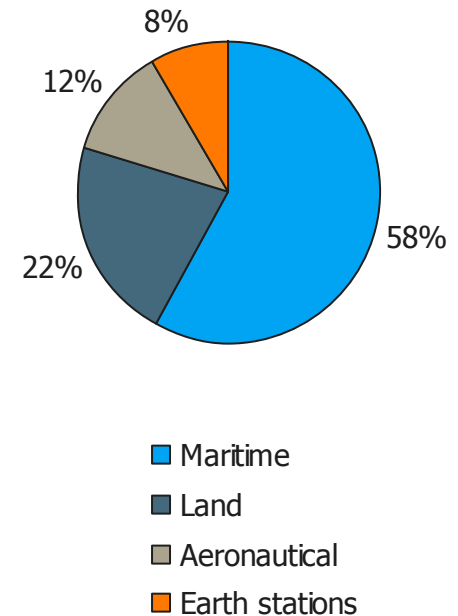
- Cobham is an international company that specialises in meeting the almost insatiable demand for data, connectivity and bandwidth in commercial, defence and security environments
  - Company invests some £70m p.a. in market led research and product development
- In 2011 Cobham was selected by Inmarsat to be the maritime terminal launch partner for the new Global Xpress global broadband service in a US\$40m deal
- Cobham's strategy is to build and maintain top three market positions in selected higher growth, high technology markets such as satellite communications (SATCOM)
  - Cobham's SATCOM revenue is some £100m, DKK880m from product lines including SeaTel, TracStar and Omnipless
  - Transaction will more than double Cobham's SATCOM revenues
- Through the acquisition of nearly 50 companies in the last decade, Cobham has great experience in successfully bringing companies into the Group
  - Acquired Danish company Spectronic in 2004 where revenues have doubled
  - Acquired SeaTel in 2003 where revenue and R&D investment has doubled
  - Acquired TracStar in 2005 where revenue has increased by 60%
- Cobham has conducted business in Denmark for more than twenty years, including
  - Communication antennas and pilot oxygen equipment on the Danish F-16
  - Slip rings for wind turbines in Denmark

**Cobham has a track record of successfully acquiring and growing international businesses**

# Thrane & Thrane Offers Communication Solutions for Four Market Areas

- **Maritime** - equipment is typically used by merchant vessels, commercial vessels, fishing vessels and pleasure craft for radio and satellite communication. Customers include mainly shipyards and commercial and private ship owners
- **Land** - portable terminals for personal communication. In addition, the company manufactures terminals for vehicular use. Typical customers are international aid organisations, governments, the media and oil, gas and mining companies
- **Aeronautical products** comprise communication equipment for corporate jets and military aircraft. The products support safety, operational, cockpit and passenger voice and data applications
- **Land earth stations** for various Inmarsat services. The land earth stations are connected to the terrestrial network, providing the interface between the satellite system on the one hand and the public switched telephone network, cellular networks and the Internet on the other
- Cobham has worked with Thrane & Thrane for many years supplying antenna products

## Revenue split (9 months to Jan-12)



*Source: Thrane & Thrane Interim report for the nine months ended 31-Jan-12*

**Thrane & Thrane management and their highly talented teams have built a world class business**

# Strategic Rationale

- Highly complementary - increases scale in maritime, land and airborne SATCOM communication systems
- Extends international reach through a combined dealer network
- Makes it easier for all customers to buy a wider range of equipment, including integrated solutions from the two businesses
- Opportunity to build on supply chain arrangements Thrane & Thrane has established outside of Denmark

Marine systems	
Cobham	Thrane & Thrane
<ul style="list-style-type: none"> <li>• VSAT market leader across C, X and Ku bands</li> <li>• Leader in stabilised marine satellite antennas</li> </ul>	<ul style="list-style-type: none"> <li>• Portable radios, VHF and MF/HF</li> <li>• Leader in Inmarsat L band terminals</li> </ul>
Airborne systems	
Cobham	Thrane & Thrane
<ul style="list-style-type: none"> <li>• Full suite of communications antennas</li> <li>• Inmarsat L band antennas for commercial and business jets</li> <li>• Inmarsat modems for business jets</li> </ul>	<ul style="list-style-type: none"> <li>• Inmarsat L band terminals                             <ul style="list-style-type: none"> <li>– Swift 64, including safety services</li> <li>– Aviator series of SwiftBroadband systems</li> <li>– Safety Services capability for SwiftBroadband</li> </ul> </li> <li>• Purchases antennas from Cobham</li> </ul>
Land systems	
Cobham	Thrane & Thrane
<ul style="list-style-type: none"> <li>• Mobile and fixed communication antennas</li> <li>• Ku, Ka, X, C band SATCOM antenna systems</li> <li>• Fixed, On the Pause, On the Move systems</li> </ul>	<ul style="list-style-type: none"> <li>• Inmarsat L band terminals and antennas</li> <li>• Fixed, On the Pause, On the Move systems</li> </ul>

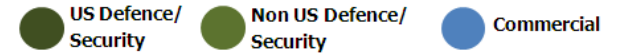
**Cobham specialises in antennas and VSAT – Thrane & Thrane specialises in L band terminals and radios**

## Combination with Cobham

- Transaction will create a SATCOM business with significant scale
- Cobham will build upon the existing engineering centre of excellence in Denmark
  - Accelerate the marketing and development of the next generation of products
  - Thrane & Thrane's Danish facility would become one of Cobham's principal global business locations and a focus for future investment
- International career opportunities for SATCOM employees across both organisations
- With 100% ownership of the business, we would transfer management responsibility for Cobham's largest SATCOM business unit (Sea Tel marine products) to Thrane & Thrane in Denmark

**Cobham is committed to successfully combining the two businesses**

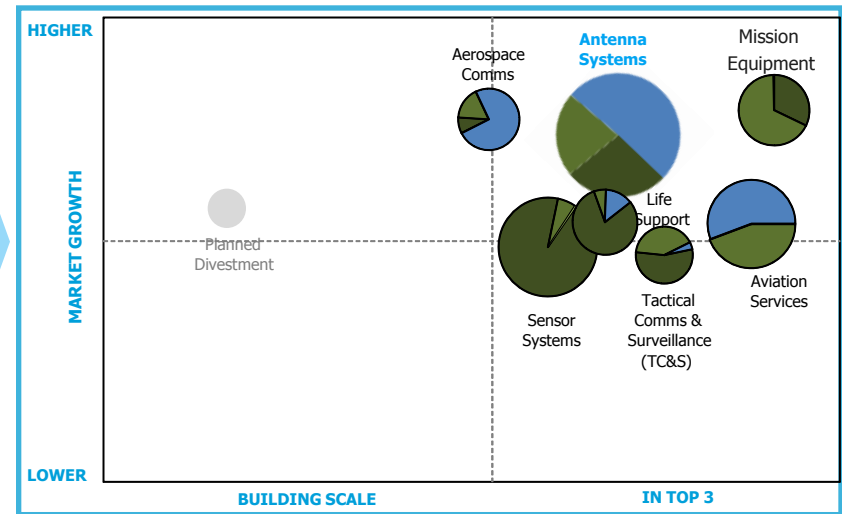
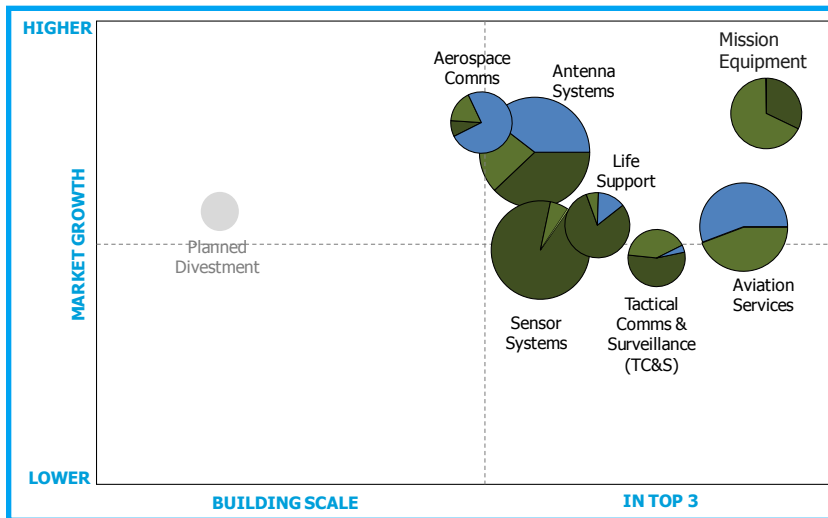
# Market Positions Strengthened



**COBHAM**  
Today



**COBHAM** + Thrane & Thrane



**SATCOM is part of the Antenna Systems Strategic Business Unit**

**The transaction will create the world's leading SATCOM antennas systems business with a full suite of products and services**



# Financial Effects of the Offer

- The purchase of shares in Thrane & Thrane adds modestly to net debt, but is earnings enhancing given the forecast cash dividend yield of Thrane & Thrane
- Cobham anticipates achieving a minimum of £2m pa pre-tax synergies in the areas of engineering, production and distribution, even in the event that a minority holding in Thrane & Thrane remains outstanding
- Cobham anticipates that the transaction will be moderately accretive to 2012 earnings<sup>1</sup>
  - based on actual results and broker's consensus forecasts for Thrane & Thrane for the year to December 2012
  - before the impact of any potential synergies
- Expected to cover cost of capital in third full year of ownership

*(1) This statement is not intended to constitute a profit forecast for the year ending 31 December 2012 or for any other period and should not be interpreted to mean that the earnings or earnings per share of Cobham will necessarily be greater or less than those for the relevant preceding period.*



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# APPENDICES

# Thrane & Thrane Financial Performance

DKK million	April 2010	April 2011	9 months to January 2012
<b>Revenue</b>	<b>1,051</b>	<b>1,093</b>	<b>778</b>
Cost of goods sold	(594)	(574)	(410)
<i>Cost of goods sold as % of revenue</i>	<i>56.5%</i>	<i>52.5%</i>	<i>52.7%</i>
Development, distribution and admin costs	(343)	(325)	(270)
<b>Operating profit (EBIT)</b>	<b>114</b>	<b>194</b>	<b>99</b>
<i>Operating margin</i>	<i>10.8%</i>	<i>17.8%</i>	<i>12.7%</i>
Net financial items incl. value adjustment of assets	(33)	(12)	1
<b>Profit before tax</b>	<b>82</b>	<b>182</b>	<b>100</b>
Tax	(23)	(48)	(27)
<b>Net profit</b>	<b>59</b>	<b>134</b>	<b>73</b>
<i>Average GBP / DKK rate</i>	<i>8.42</i>	<i>8.77</i>	<i>8.59</i>

Source: Thrane & Thrane Interim report for the nine months ended January 31, 2012; Thrane & Thrane Annual Report 2011;  
Average currency exchange rates from S&P Capital IQ

# Cobham's Strategy

- 1 Focus on Defence, Security & Commercial markets**

Maintain an appropriately focused portfolio on the defence, security and commercial markets, such that we can add value and manage risk across the portfolio
- 2 Sell technically differentiated products & services**

Sell technically differentiated products and services that meet customer's needs in markets that have attractive characteristics, and in which we can maintain a sustainable competitive advantage  
Continue to provide core Tier 3 capabilities and selectively offer Tier 2 to meet customer needs
- 3 Build sustainable scale positions**

Develop and maintain top 3 positions in our markets  
Build or maintain scale positions in these markets to ensure we have the necessary scale to support investment, maintain market leadership and deliver long term business growth
- 4 Deliver operational excellence**

Achieve Excellence In Delivery for our customers, capturing cost synergies through simplifying and standardising processes, integrating operations and building operational capabilities  
Invest in our talent
- 5 Actively manage the portfolio**

Actively manage the portfolio, exiting businesses that do not fit with our strategy  
Acquire businesses that build scale, allow us to exploit our existing capabilities in adjacent segments or deliver distinctive technologies or capabilities to accelerate our organic growth

# A Core Fit With Cobham's Strategy

## Strategic objectives

## Transaction rationale

1

**Focus on Commercial  
Defence & Security  
markets**

✓ The Thrane & Thrane business will strengthen Cobham's position in the commercial market

2

**Sell technically  
differentiated  
products & services**

✓ Thrane & Thrane is recognised as having a technically advanced range of products for the Inmarsat market

3

**Build sustainable  
scale positions**

✓ The combined business will establish and maintain a top three market position within SATCOM systems

4

**Deliver operational  
excellence**

✓ In combination with Thrane & Thrane, engineering, supply chain and other operational benefits can be captured

**Delivering on Cobham's core strategy**

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