

COBHAM

**Update for the six months ended
30 June 2023**

September 2023

AI Convoy (Luxembourg) S.à r.l.

Introduction

AI Convoy (Luxembourg) S.à r.l. (the **Company**) presents this half-year update in relation to the operations of the Company and its subsidiaries (the **Group**).

The update covers some of the highlights of the first half of 2023 including details of the Group's performance and other major developments across the Group.

Performance update

The Group continued to enjoy strong underlying performance throughout H1 2023, with resilient end-markets across defence, space and commercial aerospace. The growth outlook continues to be supported by improved customer relationships, strong operational track records across the business and robust demand for our products.

Our CAES advanced radio frequency business has a strong outlook for growth with excellent pipeline, with revenue shifting from H1 to H2 2023 due to program phasing. Cobham Aerospace Communications delivered strong growth driven by recent product launches, and our Cobham Satcom business returned to growth in H1 2023 on the back of improved operational performance.

Investments in net working capital as a result of programme and delivery phasing meant that operating cash generation in the first half of 2023 was negative. Cash generation plans through Q3 and Q4 2023 have been secured in order to achieve budgeted cash targets by the end of the year. Meanwhile, the Group has continued to secure its long-term future through investment in R&D and high-tech manufacturing assets.

Business highlights

CAES

In March 2023, CAES, a leading provider of mission-critical advanced RF technology, completed the purchase of Herley Defense Electronics Inc., further expanding the company's footprint in the RF market. The combination positions CAES to deliver even greater capabilities and specialized knowledge across RF, and develop the best solutions for tomorrow's missions.

In H1, CAES was awarded a \$200 million follow-on, full-rate hardware production and sustainment award from Raytheon, an RTX business. Under the contract, CAES will provide fully tested radar module assemblies for the U.S. Navy's AN/SPY-6 family of radars.

CAES was awarded a contract from the US Navy for the initial pre-production phase of the AN/ALQ-99 Low Band Consolidation (LBC) transmitter. The LBC is a modification to the AN/ALQ-99 Low Band Transmitter.

CAES was awarded an IDIQ contract over a five-year period from the U.S. Navy for spares, engineering services, and repairs on antenna array panel assemblies to support the SEWIP Block 2 program. The contract was awarded on a sole source basis. Work will be performed

at CAES's site in Lansdale, Pennsylvania site and is expected to be complete by February 2028.

CAES is investing in the future with a new automated tuning process that is bringing enhanced accuracy, consistency and competitiveness to its San Jose manufacturing facility. Machine learning was a key technology capability CAES utilized in the development of the new automated tuning process.

[Cobham SATCOM](#)

Cobham SATCOM has continued to strengthen its partnership with Viasat following the latter's merger with Inmarsat in May 2023, by collaborating on new connectivity solutions for the maritime and energy industries using Viasat's next generation satellite constellation, the ViaSat-3.

In its Radio, Safety and Tracker segment, Cobham SATCOM has been growing globally even while other providers are struggling with supply and new product introductions. Cobham SATCOM will continue to build strong partnerships within the segment, leveraging its existing position and by launching new products.

The partnerships within Ground Stations also continues to expand, especially for the Tracker category based out of our US innovation and production facility. The Tracker solution has become one of the most cost-effective and reliable choices servicing both private and public partners within business-critical communications.

[Cobham Aerospace Communications](#)

Cobham Aerospace Communications, our business specialising in avionics systems for the civil and military aviation sectors, has recorded strong acceleration in revenues, reaching pre-Covid levels as from Q4 2022, ahead of aerospace industry, reflecting airframers' production rate increases, dynamic air traffic, sustained demand for military applications, and new generation systems launches (Aviator-S and DRAIMS).

Aerospace Communications has also secured new business with major orders for both military (Boeing C17, Airbus Helicopters HIL and Tiger MkIII) and civil (Air China, Air Asia, United) customers, significantly increasing its order-book.

Aerospace Communications has continued to invest in R&D and its manufacturing footprint with the ambition to double its revenues within the next 3 years.

Corporate transactions

[Acquisition of Herley Industries](#)

On 3 March 2023, CAES Systems Holdings LLC signed a definitive agreement with Ultra Electronics Defense, Inc. to acquire Herley Industries LLC and Herley - CTI LLC. Herley Industries and Herley - CTI produce microwave technology and related products for radars, weapon sensors, flight instrumentation and electronic warfare systems in support of defence and aerospace industry clients. The transaction completed on 3 March 2023.

Business disposals

On 9 January 2023, the Group completed the sale of its CAES Space business to Veritas Capital for \$1.85bn.

The Group has entered into an exclusivity agreement with Thales to sell the Cobham Aerospace Communications business to Thales for \$1.1bn. Employee representative bodies of both Thales and Cobham Aerospace Communications will be consulted as part of the transaction. The closing of the transaction is expected during the first half of 2024 following receipt of customary merger control and regulatory approvals.