Cohort PLC

FY27 momentum maintained after a record year

24 September 2026

In a statement accompanying today's AGM, Cohort reports that trading in the year to date has been consistent with the Board's expectations. The FY27 outlook remains unchanged, with the customary H2 earnings weighting. This builds on the 'robust platform' of a record year in FY26 for revenue (£306m) and adjusted operating profit (£36.3m), with a record closing order book of £618.8m. The Group reports a mid-September order book of c.£700m which underpins "*nearly 90% of current market consensus revenue expectations for FY2027*" and continues "*to see good prospects for further order intake*". Growth momentum also supports the goal of a 'mid-teens' adjusted operating margin (for FY28 we estimate 13.2%). **Backed by a strong FY26 and maintained momentum in FY27, we reiterate our 2,150p Fair Value.**

Evidence of growth momentum into FY27 is highlighted by the recent ELAC SONAR €140.7m Orka Polish Navy submarine programme contract (see our report, '*A major contract won by ELAC SONAR*', *15 August*) in collaboration with Saab, which prompted us to raise our outlook. Our FY28E S&E divisional revenue outlook was raised by 6% to +13%YoY, and by 7% for FY29E to 7% YoY growth, with our Group FY28E (adj.) EBIT outlook increased to £47.7m (+15%YoY), and for FY29E by 3% to £53.7m.

The Group also notes that the new April bank facility of £175m (plus an additional £50m accordion) combined with projected cash flow "*provides significant financial flexibility to fund investment in product development, facilities, and acquisitions, whilst enabling the Group to manage the anticipated fluctuations in its working capital*".

Geopolitical issues remain in focus

There are almost daily reminders of the need to remain vigilant – for example, Lithuania escalating its defence readiness following a series of airspace breaches from Belarus and Russia. Nevertheless, the target of 3.5% of GDP by 2035 remains in place; current 2028/29 projections indicate 2.7% of GDP. One new initiative is the *Defence, Security and Resilience Bank* (DSRB) proposed by Canada, a proposed €100bn structure comprising paid-in capital (€20bn) and callable capital (€80bn) backed by issuance of sovereign debt. So far Canada is the only G7 member officially involved, but the UK is reported to be in active discussions[1]. The rationale for UK participation is seen as support for the defence industry, creation of skilled manufacturing jobs and an offset to NATO pressure to increase defence spending.

We see the combination of specialist technical expertise across Cohort's two operating divisions – Communications & Intelligence, and Sensors & Effectors – and its seven subsidiary businesses, as particularly suited to the latest defence imperatives focused on areas such as communications, data-dense analysis and development of autonomous and semi-autonomous, hybrid, systems.

Key financials & valuation metrics

Year to 30 April (£m)	2025A	2026A	2027E	2028E	2029E
Revenue	270.0	306.4	327.4	362.3	391.8
EBIT (adj.)	27.5	36.3	41.6	47.7	53.7
EBITDA (adj.)	32.9	43.8	49.1	52.3	58.3
Pre-Tax Profit (adj.)	27.0	34.2	39.6	45.6	51.5
EPS (adj. p)	53.5	60.8	66.9	75.0	85.5
Dps (p)	16.3	17.9	19.7	21.7	23.9
Net cash / (debt) (£m)	5.3	2.2	3.7	27.8	50.9
P/E	*23.0x*	*20.2x*	*18.4x*	*16.4x*	*14.4x*
EV/EBITDA	*17.6x*	*13.2x*	*11.8x*	*11.0x*	*9.9x*

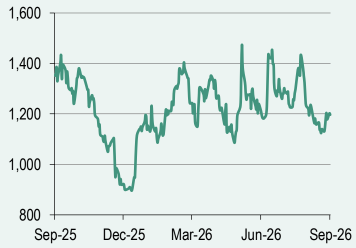
Source: Company data. Equity Development estimates

1 *Source BBC News 16 September, bbc.co.uk/articles*

Company data

EPIC	CHRT.L
Price (last close)	1230p
52 weeks Hi/Lo (p)	1,538/881
Market cap	£581m
ED Fair Value / share	2150p
Net cash / (debt) 2026A	£2.2m
Avg. daily volume (3mth)	130,412

Share price, p



Source: Investing.com

Description

Operating in the UK, Germany, Australia and Portugal, Cohort Group has two divisions. Communications and Intelligence: EID, defence communications; MASS, digital defence and security; MCL, electronic and surveillance technology; EMS, satellite-based communications. Sensors & Effectors: Chess, electro-optical tracking and surveillance systems; ELAC SONAR, advanced sonar systems and underwater comms; SEA, technology for defence and transport markets, research and training services.

Next Event:

Interim results: December 2026

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P&L

£m	H1 26A	H2 26A	FY24A	FY25A	FY26A	FY27E	FY28E	FY29E
Revenue	**128.8**	**177.6**	**202.5**	**270.0**	**306.4**	**327.4**	**362.3**	**391.8**
Gross	**41.9**	**62.4**	**76.3**	**90.4**	**104.3**	**117.9**	**137.7**	**156.7**
Margin	*32.5%*	*35.2%*	*37.7%*	*33.5%*	*34.1%*	*36.0%*	*38.0%*	*40.0%*
COGS	(86.9)	(115.1)	(126.3)	(179.6)	(202.0)	(209.6)	(224.7)	(235.1)
Op-ex excluding one-off items	(32.2)	(35.8)	(55.1)	(63.0)	(68.1)	(76.2)	(90.0)	(103.0)
Amortisation intangibles	(2.6)	(3.3)	(3.1)	(3.0)	(5.9)	(5.9)	(5.9)	(5.9)
R&D credits	0.0	3.6	2.9	3.3	3.6	3.0	3.0	3.0
Forex	0.3	(0.3)	0.3	0.1	0.0	0.0	0.0	0.0
One-off charges	0.5	(0.0)	0.0	(1.7)	0.5	0.0	0.0	0.0
EBIT rptd.	8.0	26.7	21.2	26.1	34.6	38.8	44.8	50.8
EBIT (adj.)	**9.7**	**26.6**	**21.1**	**27.5**	**36.3**	**41.6**	**47.7**	**53.7**
EBIT (adj.) mrg	*7.5%*	*15.0%*	*10.4%*	*10.2%*	*11.8%*	*12.7%*	*13.2%*	*13.7%*
Amortisation Intangibles	(2.6)	(3.3)	(3.1)	(3.0)	(5.9)	(5.9)	(5.9)	(5.9)
Depreciation PPE	(2.6)	(2.0)	(2.6)	(3.2)	(4.6)	(4.6)	(4.6)	(4.6)
Depreciation RoU	(1.3)	(1.5)	(2.0)	(2.3)	(2.9)	(2.9)	0.0	0.0
EBITDA Reported	14.5	33.5	28.9	34.6	48.0	52.1	55.3	61.3
EBITDA Adjusted	**13.6**	**30.2**	**25.7**	**32.9**	**43.8**	**49.1**	**52.3**	**58.3**
Margin	*10.6%*	*17.0%*	*12.7%*	*12.2%*	*14.3%*	*15.0%*	*14.4%*	*14.9%*
Financial income	0.2	0.2	0.5	1.1	0.5	0.5	0.5	0.5
Financial expense	(1.1)	(1.4)	(1.9)	(1.6)	(2.5)	(2.5)	(2.6)	(2.7)
PBT Reported	7.1	25.5	19.8	25.6	32.6	36.7	42.8	48.7
PBT Adjusted	**8.8**	**25.5**	**19.8**	**27.0**	**34.2**	**39.6**	**45.6**	**51.5**
Tax	(1.1)	(7.2)	(4.5)	(6.0)	(8.3)	(8.5)	(10.7)	(11.7)
Reported tax rate	*15.1%*	*28.4%*	*22.9%*	*23.4%*	*23.1%*	*23.0%*	*25.0%*	*24.0%*
PAT Reported	6.0	18.3	15.3	19.6	24.3	28.3	32.1	37.0
PAT Adjusted	**7.7**	**18.2**	**15.2**	**21.0**	**25.9**	**31.2**	**34.9**	**39.9**
Basic wtd. Av. shares (m)	45.6	45.8	40.4	42.7	45.8	45.8	45.8	45.8
Diluted wtd. av. shares (m)	46.5	46.6	40.6	43.5	46.6	46.6	46.6	46.6
EPS Reported Basic (p)	13.4	24.8	37.9	45.1	52.2	61.8	70.1	80.8
EPS Adjusted Diluted (p)	**15.8**	**31.8**	**42.7**	**53.5**	**60.8**	**66.9**	**75.0**	**85.5**

Source: Company data. Equity Development estimates.

Cashflow

£m	H1 26A	H2 26A	FY24A	FY25A	FY26A	FY27E	FY28E	FY29E
PAT rptd	**6.0**	**18.3**	**15.3**	**19.6**	**24.3**	**28.3**	**32.1**	**37.0**
Tax	1.1	3.6	4.5	6.0	4.7	8.5	10.7	11.7
Depreciation	4.0	3.5	4.6	5.5	7.5	7.5	4.6	4.6
Amortisation	2.6	3.3	3.1	3.0	5.9	5.9	5.9	5.9
Finance net	0.9	1.2	1.4	0.5	2.1	2.0	2.1	2.2
Derivatives/forex	(0.3)	0.3	(0.3)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)
Share-based payments	0.9	0.3	1.1	0.7	1.2	2.0	2.0	2.0
Provisions	2.2	1.2	2.2	3.9	3.4	0.0	0.0	0.0
Operating Cash Flow	**17.3**	**31.7**	**31.9**	**39.0**	**48.9**	**54.1**	**57.3**	**63.3**
(Inc)/Dec inventories	(4.9)	11.6	(1.4)	(7.1)	6.7	(5.8)	(0.8)	(4.4)
(Inc)/Dec receivables	(30.0)	(19.8)	(24.7)	(8.9)	(49.8)	26.7	(16.0)	(9.7)
Inc/(Dec) payables	(10.3)	19.6	23.8	35.2	9.3	(13.2)	19.3	11.8
Movement in working capital	**(45.2)**	**11.4**	**(2.3)**	**19.2**	**(33.8)**	**7.6**	**2.6**	**(2.3)**
Cash from operations	**(27.9)**	**43.1**	**29.6**	**58.2**	**15.1**	**61.7**	**59.9**	**60.9**
Interest paid	(2.5)	0.0	(1.9)	(1.6)	(2.5)	(6.4)	(6.3)	(6.2)
Tax (paid)/received	(1.1)	(0.2)	(4.7)	(5.5)	(1.3)	(8.5)	(10.7)	(11.7)
Net cash from operations	**(31.6)**	**42.9**	**23.0**	**51.2**	**11.3**	**46.8**	**42.9**	**43.0**
Interest received	0.2	0.2	0.5	1.1	0.5	0.5	0.5	0.5
PPE	(10.3)	(7.3)	(6.7)	(13.2)	(17.6)	(7.0)	(8.0)	(8.2)
Acquisition	5.9	0.0	0.0	(81.6)	5.9	0.0	0.0	0.0
Net cash investing	(4.2)	(7.1)	(6.2)	(93.6)	(11.3)	(6.5)	(7.5)	(7.7)
Net OpFCF	**(35.8)**	**35.8**	**16.9**	**(42.5)**	**0.0**	**40.3**	**35.4**	**35.3**
Share issue	1.3	0.6	0.7	41.3	1.9	0.0	0.0	0.0
Dividends	(5.0)	(2.7)	(5.6)	(6.5)	(7.7)	(9.0)	(9.9)	(10.9)
Purchase own shares	0.0	0.0	(1.9)	(4.0)	0.0	0.0	0.0	0.0
Settlement of own shares	1.1	0.0	0.8	0.9	1.1	0.0	0.0	0.0
Borrowings	15.1	(0.4)	0.0	16.8	14.6	0.0	0.0	0.0
Repayments	0.0	0.0	(9.0)	16.8	0.0	0.0	0.0	0.0
Lease repayments	(1.3)	(2.5)	(1.9)	(2.3)	(2.5)	(1.8)	(1.3)	(1.3)
Net cash from financing	11.1	(5.1)	(16.9)	46.2	7.3	(10.8)	(11.2)	(12.2)
Net increase in cash	**(24.8)**	**32.1**	**(0.1)**	**3.7**	**7.3**	**29.5**	**24.1**	**23.0**
Forex	2.9	0.8	(1.7)	(4.9)	3.7	0.0	0.0	0.0
Cash start	38.5	16.7	41.5	39.7	38.5	49.6	79.1	103.2
Cash end	**16.7**	**49.6**	**39.7**	**38.5**	**49.6**	**79.1**	**103.2**	**126.3**

Source: Company data. Equity Development estimates.

Balance sheet

£m	H1 25A	H1 26A	FY24A	FY25A	FY26A	FY27E	FY28E	FY29E
Goodwill	51.5	81.4	50.1	81.4	80.9	80.9	80.9	80.9
Intangible assets	3.7	48.4	2.8	49.1	47.9	42.0	36.1	30.3
RoU assets	7.5	9.9	7.8	9.7	9.0	3.9	3.9	3.9
PPE net	24.3	39.4	19.4	31.0	42.3	44.7	48.1	51.7
Deferred tax, other	2.6	13.5	2.5	7.9	6.8	6.8	6.8	6.8
Sum Fixed Assets	**89.6**	**192.5**	**82.7**	**179.1**	**186.9**	**178.3**	**175.8**	**173.6**
Inventories	39.3	56.6	33.3	52.1	48.0	53.8	54.6	59.0
Trade receivables	70.5	106.3	79.4	89.0	129.9	103.2	119.1	128.8
Derivatives, tax	3.4	7.6	1.9	6.5	6.7	7.7	8.9	10.1
Cash, Equivalents	75.4	53.2	55.2	74.6	49.6	79.1	103.2	126.3
Sum Current Assets	**188.5**	**223.7**	**169.8**	**222.3**	**234.1**	**243.8**	**285.8**	**324.2**
Trade payables, other	(99.0)	(111.7)	(81.0)	(126.6)	(138.8)	(125.6)	(144.9)	(156.7)
Derivatives, tax	(3.2)	(3.9)	(2.5)	(3.9)	(7.0)	(8.1)	(9.3)	(10.5)
Leases	(1.8)	(2.3)	(1.8)	(2.3)	(2.1)	(2.1)	(2.1)	(2.1)
Borrowings	(26.1)	(37.5)	(15.5)	(37.0)	0.0	(28.0)	(28.0)	(28.0)
Provisions	(11.0)	(8.7)	(8.9)	(6.4)	(15.9)	(14.4)	(16.6)	(18.0)
Other payables	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0
Sum Current Liabilities	**(141.1)**	**(164.2)**	**(109.7)**	**(176.2)**	**(163.9)**	**(178.2)**	**(201.0)**	**(215.4)**
Deferred tax	(1.1)	(6.1)	(0.9)	(13.5)	(4.1)	(4.1)	(5.2)	(5.7)
Leases	(6.3)	(7.2)	(6.7)	(7.2)	(6.8)	(5.0)	(3.7)	(2.4)
Borrowings	(11.3)	(48.2)	(16.5)	(32.4)	(47.4)	(47.4)	(47.4)	(47.4)
Provisions	(2.4)	(18.2)	(3.2)	(4.1)	(7.9)	(7.1)	(8.2)	(8.9)
Retirement benefit	(4.6)	(3.1)	(5.6)	(3.2)	(2.8)	(2.8)	(2.8)	(2.8)
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sum Long-term liabilities	**(25.8)**	**(82.8)**	**(33.0)**	**(60.3)**	**(68.9)**	**(66.4)**	**(67.3)**	**(67.2)**
Share Capital	4.2	4.7	4.2	4.7	4.7	4.7	4.7	4.7
Share Premium	33.5	74.2	32.2	73.0	74.8	44.8	38.4	34.0
Own shares	(7.4)	(6.3)	(4.6)	(7.4)	(6.3)	(6.3)	(6.3)	(6.3)
Share option reserve	3.3	4.6	2.9	4.7	4.5	4.5	4.5	4.5
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retained earnings	76.8	88.3	74.1	83.7	108.7	128.0	150.1	176.2
Equity	**110.4**	**165.5**	**108.7**	**158.6**	**186.4**	**175.7**	**191.5**	**213.1**
Non-controlling interests	0.8	1.4	1.2	1.5	1.8	1.7	1.9	2.1
Net cash / (debt) non-IFRS16	**37.9**	**(32.5)**	**23.1**	**5.3**	**2.2**	**3.7**	**27.8**	**50.9**

Source: Company data. Equity Development estimates.

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