Cohort PLC

A major contract won by ELAC SONAR

14 August 2026

Cohort announces that its subsidiary ELAC SONAR (Sensors & Effectors Division) has secured a contract worth €140.7m (c. £120m) to collaborate with Saab to deliver integrated sonar systems for the Polish *Orka* Submarine Programme. Commencing immediately, the contract will result in deliveries extending into the mid-2030's. The Group notes that "*Alongside other recent wins across the Group, the contract is expected to enhance the Group's adjusted earnings per share in the following financial year and beyond*".

- Cohort Chief Executive, Andy Thomis also states: "*This important order confirms ELAC SONAR's position as a world-leading provider of advanced digital sonar systems for submarines. We are pleased to have established this important collaboration with Saab whose A26 submarine has been selected by the Polish Navy.*"
- The *Orka* programme involves provision of three submarines for the Polish Navy, based on the Swedish Saab Kockums A26, one of the most advanced non-nuclear submarine designs. ELAC SONAR will provide Integrated Sonar Suites (ISS) with full spectral, spherical (360°) and dynamic sound range coverage, backed by comprehensive detection analysis, optimised for operation in Baltic Sea conditions. Orka class submarines are equipped with a bow array, flank array as well as high frequency intercept arrays, particularly important in a shallow sea like the Baltic Sea.

Positive impact on our outlook, Fair Value maintained

The Orka contract enhances the outlook for the Sensors & Effectors division, and in addition demonstrates the efficacy of the c.£20m invested in new test facilities at ELAC SONAR, currently focused on the major Italian submarine sensors and communications project (where we note that first system delivery is expected by CY26 year-end).

We estimate that the contribution to divisional revenue from the ELAC Saab contract will build towards an annual peak contribution of c.£20m p.a. by 2030, where we expect a medium-term improvement in (adj.) EBIT margin from 7.1% recorded in FY26 towards 10% to 11%. Accordingly, we have raised our FY28 (adj.) EBIT outlook by 2% to £47.7m (+13%YoY), and for FY29E, by 2.9% to £53.7m. The additional growth enhances estimated cashflow; +£3.3m in FY28E and +£4.1m in FY29E.

The Orka contract reiterates the applicability of a range of the technologies in which Cohort's subsidiaries specialise to major submarine warfare initiatives, including the undersea surveillance *Atlantic Bastion* programme and the Norwegian collaborative *Lunna House* agreement.

At this stage we maintain our Fair Value at 2,150p/share, noting that at current levels the FY27E EV/EBITDA of 13.7x is well below the average of peers of 20.5x.

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)	5.3	2.2	3.7	27.8	50.9
P/E	*26.8x*	*23.5x*	*21.4x*	*19.1x*	*16.7x*
EV/EBITDA	*20.4x*	*15.3x*	*13.7x*	*12.8x*	*11.5x*

Source: Company data. Equity Development estimates.

Company data

EPIC	CHRT.L
Price (last close)	1432p
52 weeks Hi/Lo (p)	1,538/881
Market cap	£650m
ED Fair Value / share	2150p
Net cash / (debt) 2026A	£2.2m
Avg. daily volume (3m)	157,683

Share price, p

Source: Investing.com

Description

Operating in the UK, Germany, Australia and Portugal, Cohort Group has two divisions. Communications and Intelligence: EID, naval and land defence communications; MASS, advanced digital defence and security; MCL, electronic and surveillance technology; EMS, satellite-based communications.

Sensors & Effectors: Chess, electro-optical tracking and surveillance systems for naval, land defence and security; ELAC SONAR, advanced sonar systems and underwater comms; SEA, technology for defence and transport markets, and specialist research and training services.

Next Event: AGM September 2026

Mike Jeremy (Analyst)
0207 065 2690
mike.jeremy@equitydevelopment.co.uk

Andy Edmond
0207 065 2691
andy@equitydevelopment.co.uk

Revised outlook

As summarised below, we have revised our outlook to FY29 to include the projected positive impact on earnings of the ELAC SONAR Saab contract, as follows:

- FY 28E S&E divisional revenue uplift of 6.2% to 13%YoY growth (previously +3%YoY) and 6.2% uplift to (adj.) divisional EBIT raising YoY growth from +16%YoY to +41%YoY. Group (adj.) EBIT is raised by 2.1% to £47.7m, +15%YoY.
- FY 29E S&E divisional revenue uplift of 7.3% to 7%YoY growth, and 8.4% uplift to (adj.) divisional EBIT, with 14%YoY growth. Group (adj.) EBIT is raised by 2.9% to £53.7m, +15%YoY.
- Our revised outlook results in the addition of £3.3m in free cashflow in FY28 and in FY29, +£4.1m.

Revised outlook to FY29E

£m	FY27E *Unchanged*	*YoY*	FY28E Prior	FY28E New	Change	*YoY*	FY29E Prior	FY29E New	Change	*YoY*
C&I Revenue	174.9	*10%*	190.6	190.6	*0.0%*	*9%*	207.8	207.8	*0.0%*	*9%*
S&E Revenue	152.6	*3%*	161.8	171.8	*6.2%*	*13%*	171.5	184.1	*7.3%*	*7%*
Revenue	**327.4**	*7%*	**352.3**	**362.3**	*2.8%*	*11%*	**379.2**	**391.8**	*3.3%*	*8%*
Gross	117.9	*13%*	133.9	137.7	*2.8%*	*17%*	151.7	156.7	*3.3%*	*14%*
Margin	*36.0%*		*38.0%*	*38.0%*			*40.0%*	*40.0%*		
C&I (adj.) EBIT	37.4	*16%*	40.0	40.0	*0.0%*	*7%*	44.7	44.7	*0.0%*	*12%*
S&E (adj.) EBIT	12.2	*16%*	16.2	17.2	*6.2%*	*41%*	18.0	19.5	*8.4%*	*14%*
EBIT rptd.	38.8	*12%*	43.8	44.8	*2.3%*	*16%*	49.3	50.8	*3.1%*	*13%*
EBIT (adj.)	**41.6**	*15%*	**46.7**	**47.7**	*2.1%*	*15%*	**52.2**	**53.7**	*2.9%*	*13%*
EBIT (adj.) mrg	*12.7%*		*13.3%*	*13.2%*			*13.8%*	*13.7%*		
EBITDA Adjusted	**49.1**	*12%*	**51.3**	**52.3**	*1.9%*	*7%*	**56.8**	**58.3**	*2.7%*	*11%*
Margin	*15.0%*		*14.6%*	*14.4%*			*15.0%*	*14.9%*		
PBT Adjusted	**39.6**	*16%*	**44.6**	**45.6**	*2.2%*	*15%*	**50.0**	**51.5**	*3.0%*	*13%*
EPS Adjusted Diluted (p)	66.9	*10%*	73.3	75.0	*2.2%*	*12%*	83.1	85.5	*3.0%*	*14%*
Net cash / (debt) non-IFRS16	3.7		24.5	27.8	3.3		46.8	50.9	4.1	

Source: Company data. Equity Development estimates.

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.

Contacts

Andy Edmond
Direct: 020 7065 2691
Tel: 020 7065 2690
andy@equitydevelopment.co.uk

Hannah Crowe
Direct: 0207 065 2692
Tel: 0207 065 2690
hannah@equitydevelopment.co.uk

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