

Sell – Ultra Electronics Hldgs (ULE)

July 18, 2013

Leveraged products involve a high level of risk and you can lose more than your original investment. They are not suitable for everyone so please ensure you understand the risks involved and if necessary please obtain investment advice from a financial adviser before investing. This report is not a personal recommendation and does not take into account your personal circumstances or appetite for risk.

Trade parameters:

Opening Price	Stop Loss	Profit Limit	Reward vs. Risk	CFD Margin
1825p	1890p (65p/3.6% above)	1640p (175p/9.6% below)	2.8x	15%

Technical Observations - For

- Shares back at top of defined rising channel
- Resistance at 1850p (channel and Feb-2011 highs)
- MACD looks prepped to turn down
- ADX broken rising trend; Stochastics overbought
- RSI & Momentum already turned down

Technical Observations - Against

- Outperformance of FTSE100 shows breakout
- Potential support at 1675p 200-day MA
- Momentum not yet gone negative
- MACD not broken below signal line
- Limited broker coverage

News / Broker Comments / Important Dates / Observations **

Awarded a £14m contract extension to its End Cryptographic Unit Replacement Program (28 Jun). Awarded £16.1m contract for the supply of specialist instrumentation by EDF Energy (25 Jun). Peer Chemring says markets likely to remain challenging into 2014, particularly in US (18 Jun). Acquires Varisys for up to £18m (6 Jun). UBS upgrades to neutral from sell, TP 1750p from 1300p after 18-months of underperformance vs FTSE 250 (20 May). Very few sellers so who's left to Buy? **Next Event:** Interim results, 5 Aug

Latest Broker 12m Consensus: 4 x Buy, 5 x Hold, 1 x Sell (Source: Digital Look, Alpha Terminal, Brokerforecasts.com) (U = Upgrade / D = Downgrade)
3-Jul, Citigroup, Buy, TP 1960p; **1-Jul,** Investec, Hold, TP 1710p; **19-Jun,** Liberium, Buy; **13-Jun,** Espirito Santo, Neutral, TP 1700p; **20-May,** UBS, Neutral (U), TP 1750p (U); **29-Apr,** JPMorgan, Neutral, TP 1900p; **8-Mar,** Barclays, Equal-weight, TP 1700p



Stock description

Ultra Electronics Holdings plc designs, manufactures, and supports electronic and electromechanical systems, sub-systems, and products for defense, security, and aerospace applications worldwide. The Group focuses on sensing, control, communication, and display systems which an emphasis on integrated information technology solutions (FTSE 250)

Graph: 2-year (daily)

Stock last used as Trade Idea;
N/A

****Source:** DowJones Newswires, Reuters News or Company Press releases, Bloomberg.com

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Graph: 1-year (daily) - ADX and Directional Indicators, MACD & Volume



Moving averages on price:
Green: 200-period, Black: 100-period, Red: 50-period, Red: 20-period

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Graph: 1-year - RSI, MACD and Performance relative to FTSE 100



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Chart (c) Alpha Terminal

Share	1wk	1m	3m	1yr	2yr	3yr	4yr	5yr
Perf %	-0.08	8.71	13.33	15.86	11.93	13.75	56.64	42.84

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