

Cohort

Going to plan

Cohort has announced that it has increased its holding in EID to 80% from 57% for the additional consideration of €3.97m from existing cash resources and debt facilities. The Portuguese government retains the remaining 20% and this is all in line with its previously announced strategy. EID brings new geographies, a good order pipeline and further growth opportunities. In addition, the company has indicated that it remains on course to meet FY18 expectations. HY18 results will be published on 13 December when we will adjust our forecasts for the increased holding.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
04/16	112.6	12.0	25.0	6.0	12.6	1.9
04/17	112.7	14.5	26.6	7.1	11.8	2.3
04/18e	123.8	15.4	29.1	8.2	10.8	2.6
04/19e	128.2	16.1	31.3	9.0	10.0	2.9

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and one-off tax credit of 2.20p in FY16.

Cohort acquired the initial 57% stake in Empresa de Investigação e Desenvolvimento de Electrónica, S.A. (EID) in June 2016, the group's first overseas acquisition. The deal brought a new home market in Portugal plus new clients within NATO Europe and export territories such as Indonesia and Egypt. Based near Lisbon with a regional office in Indonesia, EID employs c 140 people.

EID focuses on advanced electronics, communications and command and control products and systems for the global defence market. With a proactive approach to R&D, EID's offerings have proved to be highly attractive in export markets combining a high level of functionality and technical sophistication with a low cost base and competitive pricing. For example, over 120 warships now utilise EID's communications equipment, which can be provided for both new build and upgrade projects. This global presence is expected to stimulate new export opportunities for Cohort's existing businesses. Further acquisitions within the defence and security sectors will be considered with a focus on agility, innovation and growth potential.

Increased share in EID

Aerospace & defence

28 November 2017

Price 314p
Market cap £127m

Net cash (£m) at 30 April 2017	8.5
Shares in issue	40.4m
Free float	70%
Code	CHRT
Primary exchange	AIM
Secondary exchange	N/A

Share price performance



Business description

Cohort is an AIM-listed defence and security company operating across four divisions: MASS (30% of FY18e sales); SEA (40%); MCL (15%); and the 80%-owned Portuguese business EID (10%).

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