



Communications & Aerospace

**Interim presentation
for the six months to 30 September 2008**

Presenters:

David Bramwell (Chairman)

Ian Brodie (Chief Executive)

Kevin Edwards (Finance Director)

John Restivo (President, Paradise Datacom)

Agenda

- Group Highlights
- Strategy
- Structure, Products and Markets
- Operational Markets
- Key Numbers
- Operational Performance
- 2008/09 Outlook
- Investment Rationale

Group Highlights

- Sales up 8% to £18.8m
- Underlying operating margin up to 13% from 10%
- Underlying PBT up 39% to £2.05m (2007: £1.48m)
- Underlying EPS up 43% to 1.64p (2007: 1.15p)
 - Basic EPS up 40% to 1.64p (2007: 1.17p)
- Interim dividend up 10% to 0.165p (2007: 0.15p)
- Net debt reduced by £1.8m to £3.81m (£3.86m at March 08)

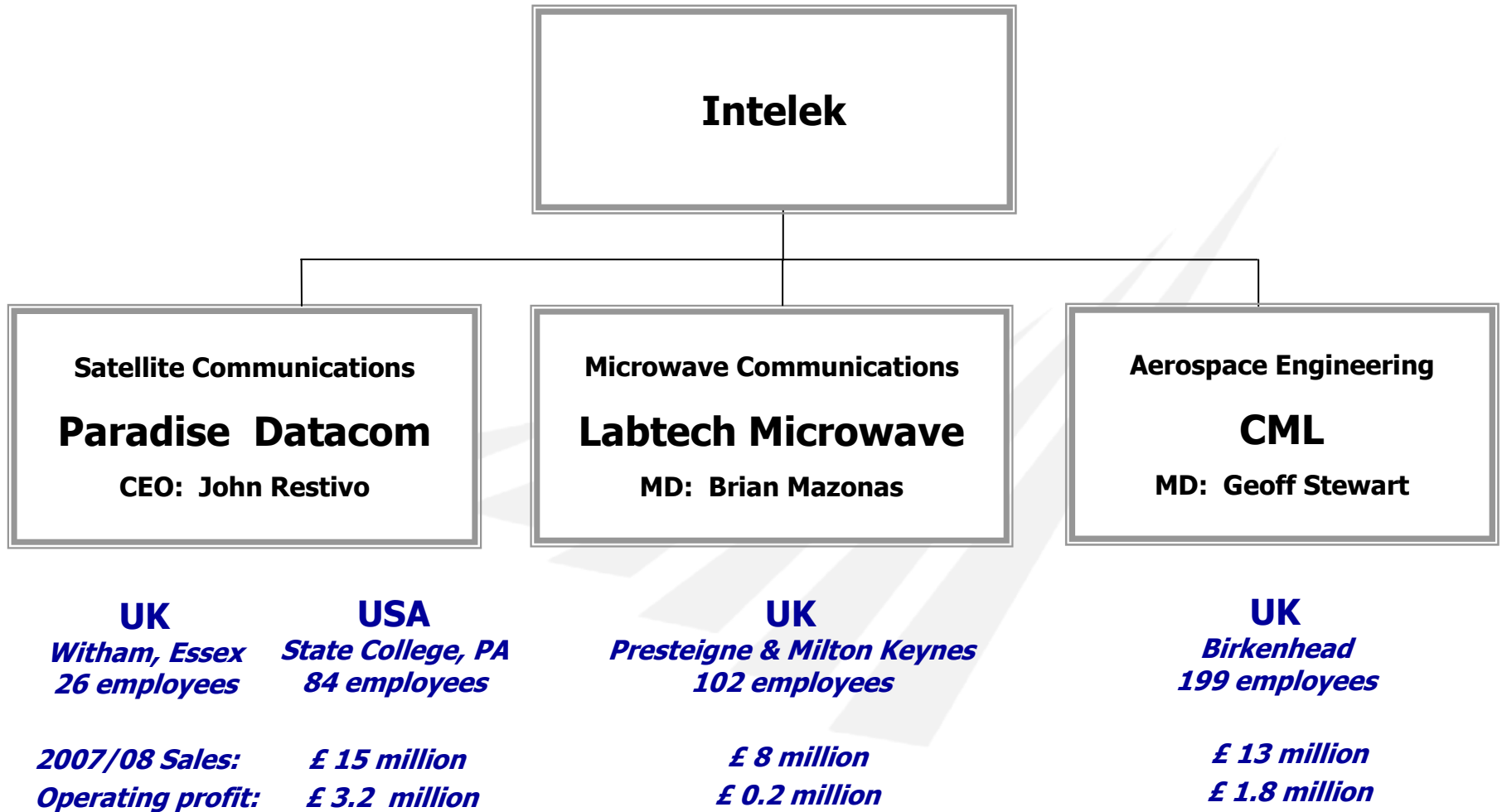
Strategy

Successful strategy:

- Focus on expanding niche sectors
- Increase addressable market via R&D
- Expand global presence
- Target longer term contracts
- Enhance Communication offering through acquisition (voice, video and data)



Group Structure



Our Products & Services

Sat Comms

Modems



Amplifiers



Microwave

Circuits



Components



Manufacturing services



Aerospace

Metal & composite structures



Our Markets

Markets with exciting growth potential:

- Digital communications
 - Security and defence
 - Oil & Gas exploration
 - Mobile telecom for developing countries
 - Broadcast
 - Internet
- Aerospace
 - Commercial
 - Military

CML

- **Market drivers:**
 - Long term increasing air travel
 - Environmental pressures to replace aircraft
 - Ageing US fleet
- **Major programmes – actual and projected aircraft shipments:**

* - wing deliveries

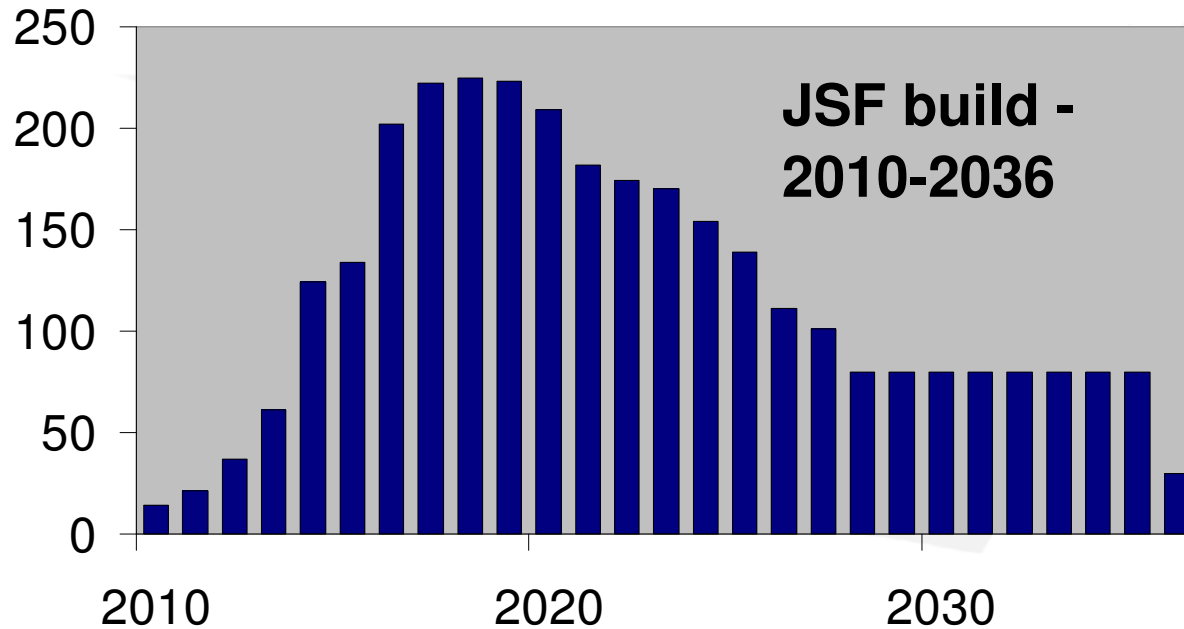
	2007	2008 (est)	2009 (est)
A320 family (*)	370	392	428
A330/340 (*)	81	91	99
Hawker Beechcraft	73	95	95



- **Status with Airbus/GKN** Supply direct on A320, A330, A340
5 year contract from 2006, Sales £5m p.a.

CML- Composites

- **Composite materials expected to dominate new aircraft design**
- **Major Composite Programmes for CML:** Hawker Beechcraft, JSF



Labtech Microwave

- **Addressable market** £250m: Defence (non-USA), Comms, etc
 - Phased array radar
 - Wireless microwave links
 - Military signalling and detection
- **Market share** 3%
- **Major customers** Military (e.g. Selex, BAe, Thales)
Mobile telecom infrastructure
(e.g. Ericsson, Alcatel-Lucent, Intracom)
Space & SatCom (e.g. Paradise Datacom)
- **Major competitors** Components: Miteq, Microphase
Circuits: Boardtek, Optiprint
- **Unique offering** Integrated design, PCB, assembly & test

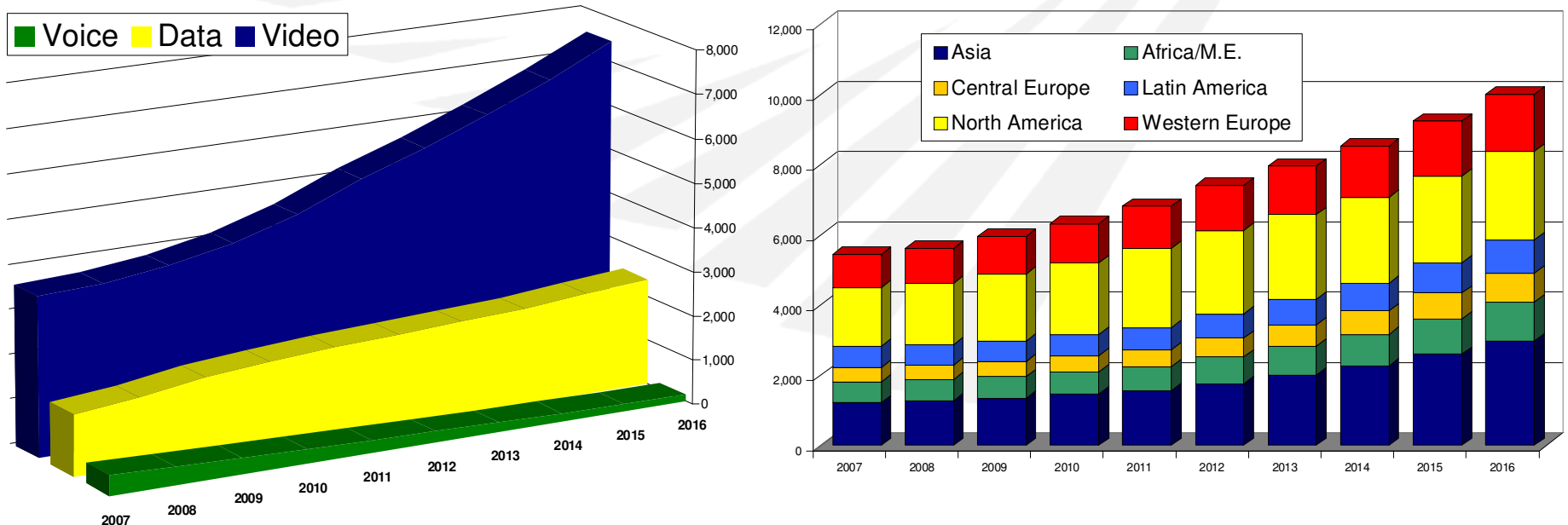


Satellite Communications Market

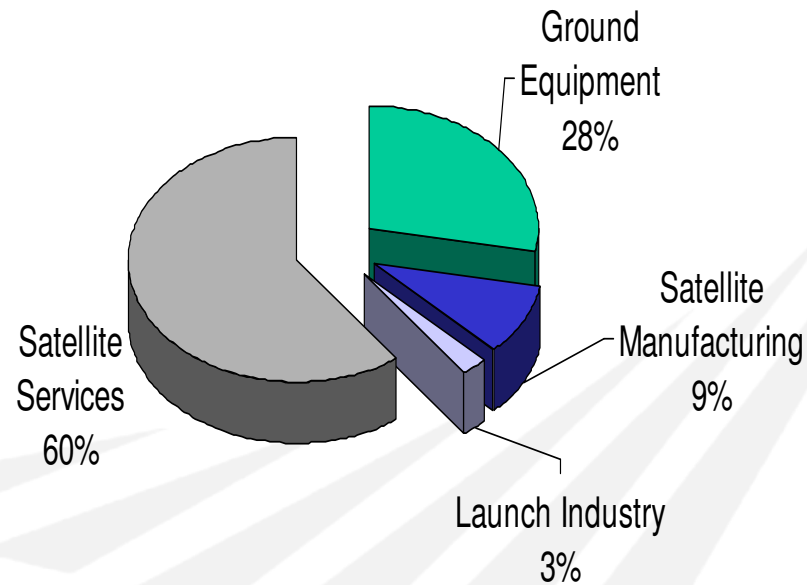
Global market: \$123Bn ('07); 11% pa growth '02 → '07

High rates of growth projected, especially Video and Asia:

(Commercial Satellite transponder demand 2007-2016 (© Futron Corp 2007))



Market Segments



Addressable market

\$400m

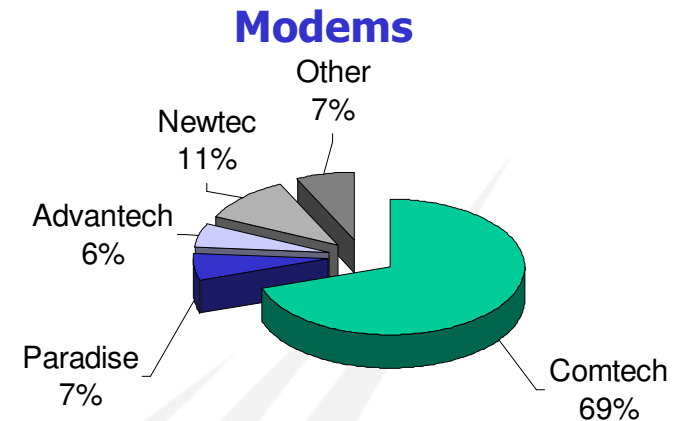
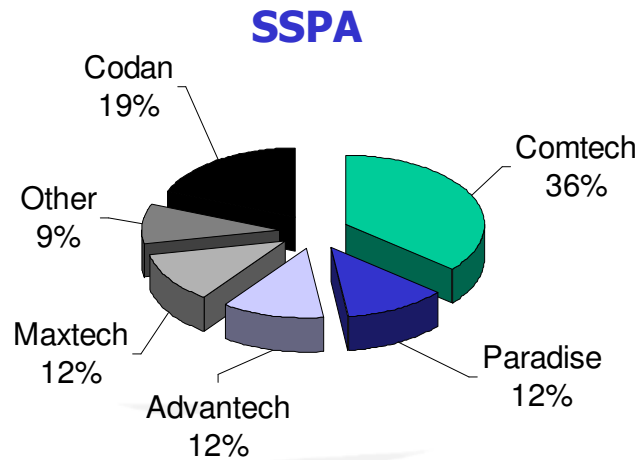
Ground Equipment

- Modems
- Solid State Power Amplifiers (SSPAs)

Applications

- Oil & Gas / Mining
 - Links to remote & offshore installations
- Telecommunications
 - Cellular backhaul & Internet access
- Defence / Government
 - Military/Mobile comms
 - Weather services
 - GPS Networks
 - National Security organizations
- Fixed Services / Broadcast
 - HDTV
 - Internet (IP) / Gateways
 - Satellite control and monitoring

Competition



**Two largest modem competitors joined forces in August'08: Sales \$130m
Yet Paradise, on sales \$12m, competing head to head:**

	Comtech/Radyne	Paradise
Key Features:		
Up to 155 Mb/s	✓	✓
Digital Video Broadcast	✓	✓
Carrier-in-Carrier	✓	✓
Offices:		
UK/ USA/ Asia	✓	✓
Reps in major regions	✓	✓

Customers

Oil & Gas / Maritime



HALLIBURTON



Schlumberger

Telecommunications



SES NEW SKIES



Defence

GENERAL DYNAMICS
Strength On Your Side®



Raytheon

LOCKHEED MARTIN
We never forget who we're working for®

Broadcast

CNN.com



FOX



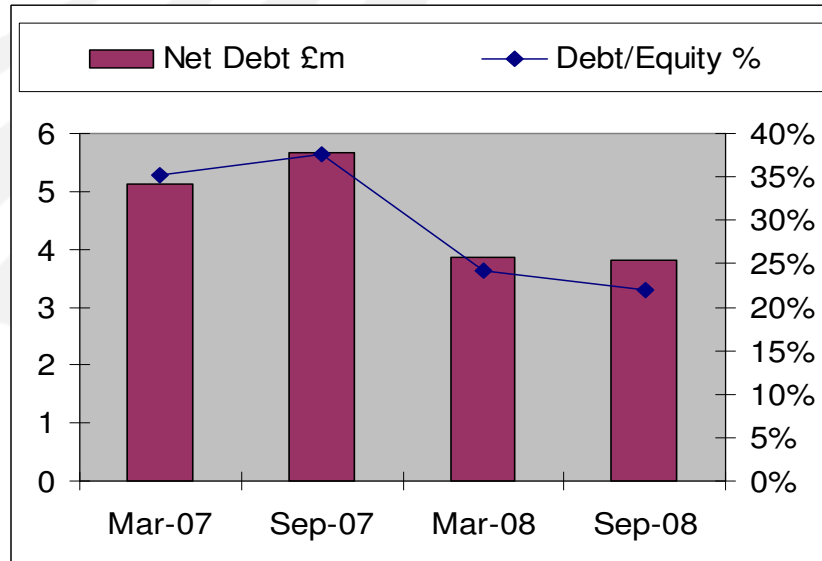
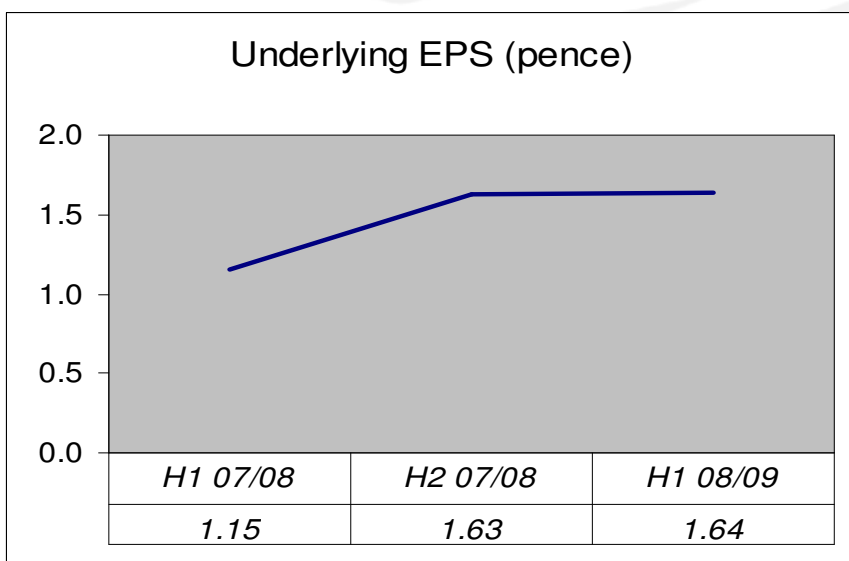
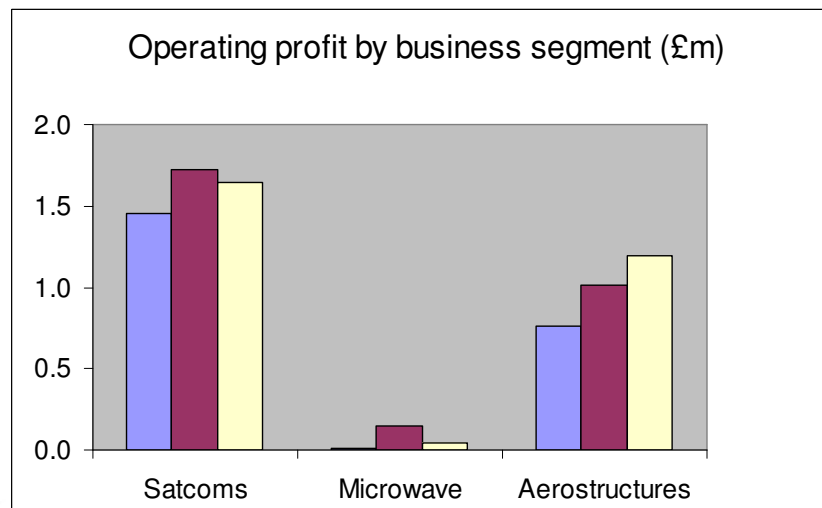
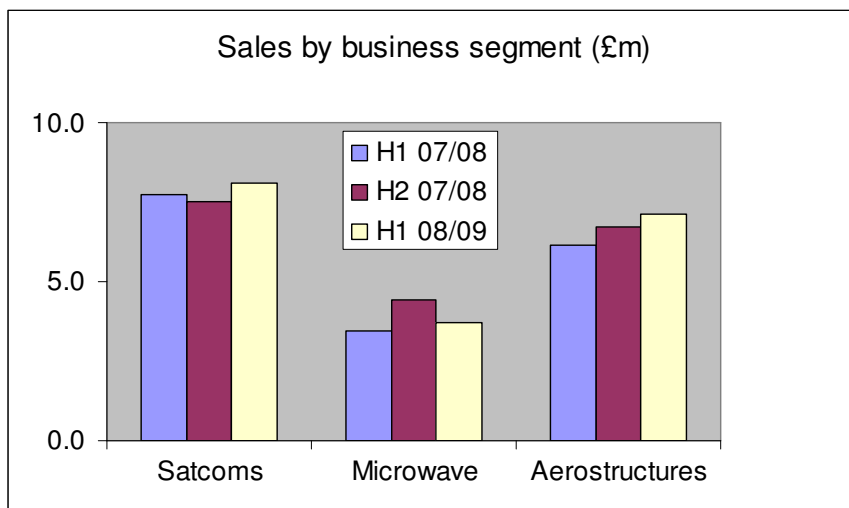
BBC



Key Numbers

	6 months to 30 September 08	% change on 07
Sales	£18.8m	+8%
EBITDA	£3.0 m	+29%
Underlying PBT	£2.05 m	+39%
% of Sales	11%	
Underlying EPS	1.64p	+43%
Dividend/share	0.165p	+10%
Free cashflow (after £0.6m DB pension contribution)	£0.7 m	+334%
Net debt	£3.8 m	-33%
Pension deficit (gross)	£4.8m	-8%

KPIs



CML

Highlights

Sales £7.1m (£6.2m); Profit £1.20m (£0.76m)

- Sales up 15%; orders exceed sales by 22%
- Profit up 57%, to margin of 17% of sales (12%)
- Growth in all divisions:
 - Precision machining: 12% sales growth in largest division
 - Fabrications: record sales, especially spares and repairs
 - Composites: sales up 25% to £2m, orders up 82%
- JSF approved, £0.5m initial production orders
- Major Composites expansion plan being finalised



Labtech Microwave

Highlights

Sales £3.7m (£3.5m); Profit £0.05m (£0.01m)

- Sales up 6.5%, profit improved
- Success of new strategy to change business:
 - Telecom sales unchanged, non-telecom up 12% at £1.8m
 - Non-telecom growth delayed by redesign on major programme
 - Recommenced Sept'08, with 12% higher order

Combined service offering providing new opportunities:

- Phased array radar
- DLVAs fully installed at one defence OEM, in prototype with others
- Developing new line of Satcom low-noise amplifiers



Paradise Datacom

Highlights

Sales £8.1m (£7.8m); Profit £1.65 (£1.45m)

- Sales up 4%, orders exceed sales by £1.2m
- Operating profit up 13%, margin 20% of sales
- US\$ impact: sales £0.3m; profit £0.07m
- Global sales & marketing presence expanded, especially Asia
- Success in regions with oil, gas and natural resources
- Growing market share in Government sector (largest satcom market)
 - E.g. initial \$0.4m order on potential \$5.0m programme

Paradise Datacom

Highlights (continued)

R&D: Products at, or setting, global standard

Investing 12% of Sales

- Vision 80 modem – HDTV; major bandwidth saving
- Quantum modem – GSM, IP Gateways
- New amplifiers for new markets
 - Medium power, multiple frequency
 - Extreme high power amplifiers
- New design centre opened Sept'08, Arizona
 - New converter product line (launch Q1 09/10)

2008/09 Outlook

Encouraging outlook despite macro-economic conditions:

- **Paradise Datacom:** Expect further growth in market share, aided by new products and expanded global presence
- **Labtech Microwave:** Number of large programmes in H2, improvement expected on last year
- **CML:** Order coverage for 74% of projected sales for H2

"Our markets have proved resilient...with plenty of scope for growth. We expect further increases in market share with profit ahead of management's original expectations."



Why invest in Intelek?

Markets and customer relationships with long-term growth potential

- Unique access to global Satcoms market
- World class solid state amplifiers and feature-rich modems
- Growing presence in defence & security microwave markets
- Strong relationship with major aircraft manufacturers

Strategic and earnings targets met
We will continue to grow organically
&
by acquisition, when appropriate





Appendices

Intelek's History

- 1949 Company founded
- 1983 Listed on London Stock Exchange
- 1990 Acquisition of Labtech
- 1995 Acquisition of Pascall Electronics
- 1995 Company name changed to Intelek plc
- 2001 Acquisition of Paradise Datacom
- 2002 Acquisition of transceiver product line
- 2005 Disposal of Pascall Electronics
- 2005 Acquisition of Filtronic's Microwave Components Division
- 2006 Transfer to AIM



Biographies of the Operational Managing Directors

John Restivo was appointed Chief Executive of **Paradise Datacom** worldwide on 1st April 2004, having joined Intelek in 2003 as Head of Business Development and Worldwide Sales for Paradise Datacom. John holds a Bachelor of Science Degree in Electrical Engineering from Florida Institute of Technology. He has over twenty years' experience of the satcoms industry, which commenced in 1986 when he joined the Hughes Aircraft Company as a communications systems engineer. During a twelve year spell at Scientific Atlanta in Georgia, his final appointment was Director of Systems Engineering and Operations before joining Tripoint Global in 1998 as Chief Technical Officer of their \$200 million satcoms equipment manufacturer. He then held appointments as Executive VP/General Manager of the Comstream Division of Radyne Comstream before becoming an Executive VP & General Manager of Viasat Inc. in Georgia. In addition to his General Management background, John has gained experience in design, operations, and sales and marketing before joining Paradise Datacom.

Dr. Brian Mazonas was appointed Managing Director of **Labtech Microwave** in 1997. Brian holds a First Class B.Sc. Honours Degree in Electrical and Electronic Engineering and a Ph.D in Pulsed Transferred Electron Oscillators, both from Leeds University. After spending four years post-graduation as a design engineer, Brian joined Marconi Command & Control Systems Limited as a Development Manager in 1982. In 1984 he joined Plessey Microwave as a Development Manager, becoming Engineering Executive for Plessey 3-5 Group in 1987. In 1989 he was appointed General Manager of Electronica UK Limited, a start-up company whose mission was to design and manufacture microwave components and sub-systems for the UK and overseas defence markets. This business, based in Milton Keynes, was subsequently sold to Filtronic Components Limited in July 1995 and ten years later was bought by Labtech Microwave on behalf of Intelek plc.

Geoff Stewart, Managing Director of **CML**, joined the company as an apprentice in 1968. After completing his apprenticeship, Geoff worked in the Fabrications, Composites and Precision Machining Departments of CML and in various levels of production management. In 1990, he was appointed Production Manager of Precision Machining, and in 1993 he took on the responsibilities of General Manager, Composites. In 1995, he was promoted to Manufacturing Director of CML Group and in 1999 to Managing Director. A well-known and respected figure within the UK aerospace industry, Geoff, in addition to his ongoing duties as Managing Director, is also responsible for the overall management of continuous improvement programmes throughout the business and for the relationship between CML's key customers and suppliers.

