

Cobham



Cobham plc is a multi-national group of companies specialising in the fields of aerospace, precision engineering and air services. In recent years they have been very successful in exploiting niche markets in the arms industry through expansion and acquisition. Military sales made up 47% of their turnover in 2000.

Introduction

Cobham is a large (£1.15bn) corporation with 56 companies in 6 strategic business units (Who Owns Whom 2001).

BUSINESS UNITS

Manufacturing

Flight Refuelling (fuel systems & weapon carriage)

Westwind Air Bearings (electronics)

Carleton Technologies (missile actuation)

Conax Florida (infra-red & pyrotechnic missile components)

Avionics

Chelton (military communication components)

Flight Ops. and Services

Flight Refuelling Aviation (training, inspection & surveillance services)

The origins of Cobham go back to the first daredevil days of aviation. Alan Cobham was a famous racing aviator in the 1920's and set up "Alan Cobham Aviation Ltd" in 1927. Cobham's company pioneered in-flight refuelling, which allows aeroplanes to fly longer distances without having to land. This capacity is of vital importance in modern military operations as it allows long range bombing of far away countries. Cobham flight refuelling equipment facilitated long range bombing during the Falklands war, the Gulf war, and recent operations in Afghanistan (Cobham plc website).

Cobham's recent history has been characterised by strong growth. Between 1995 and 2000 turnover has increased from £227m to £568m and profits have grown from £29.8m to £90.2m (Cobham Annual Report 2000). In 2000, Cobham plc employed nearly 7000 people (Cobham Annual Report 2000) with 47% of their revenue being from military sales (Defense News 30 July - 5 August 2001).

Future

Cobham's corporate strategy is to continue to seek growth in its niche positions through expansion and acquisition. As Cobham companies provide special forces/army/navy communication and in-flight refuelling for long range bombing, analysts expect Cobham to do particularly well out of the current military situation:

"Everything in the current campaign says there should be more demand in this situation for what Cobham does"
Sandy Morris (ABN Amro-industry expert, www.cnn.com)

BASIC FIGURES

1996-1999 sourced from SIPRI Yearbooks. 2000 sourced from *Defense News*, 30 July - 5 August 2001

Year	Arms Sales (US\$m)	World Arms Rank	Profit (US\$m)
2000	413	56	90
1999	390	73	73
1998	350	75	72
1997	320	86	58
1996	260		

Products

Aircraft Components

As market leaders in the field of in-flight refuelling, Flight Refuelling produces components for most Western military aircraft projects including the Eurofighter, BAE Systems Hawk Jet, and Joint Strike Fighter programs (see "Recent Deals").

Missile Components

CARLETON TECHNOLOGIES provide missile actuation systems for many US "tactical weapons" including the Paveway 2, Paveway 3, Longbow/Hellfire and Javelin weapons. Carleton's current research is focused on developing pneumatic rather than pyrotechnic actuation systems for missile release and control (see also "New Products").

CONAX are also in the missile field, providing infra-red components for the US Army Javelin anti-armour missile (for which other orders are expected), and pyrotechnic components for the tactical Tomahawk missile.

Avionics

CHELTON currently provide radomes and antennae for Eurofighter, Harrier, Nimrod and Tornado aircraft, as well as for many missile programs. Chelton also supply microwave equipment for F-15 and F-16 fighters and data-link satellite dishes for rapid reaction forces (Cobham Annual Report 2000).

Flight Operations and Services

FR-AVIATION provide a range of military training and inspection services for the MoD and have more recently begun to provide similar services for the Malaysian, UAE and Jordanian military. These contracts include military helicopter training, electronic warfare and the provision of target towing planes.

FR-AVIATION also incorporates NJS, an Australian company responsible for coastal surveillance (see "Recent Deals").

New products

● **Cobham companies will be displaying many new products at the 2002 Asian Aerospace Exhibition which runs from 26th February to 3rd March in Singapore (Cobham News Feb 2002):**

● **Flight Refuelling will display the latest in their range of aircraft weapon carriage and release equipment. Their "Evolved Common Rail Launcher" (ECRL) is a state of the art missile launcher which can be used on contemporary or future fighter aircraft to fire a variety of missiles. This missile launching system is a contender to be used on the new Joint Strike Fighter.**

● **Chelton will be displaying new electronic flight information systems and FR-HiTEMP will be displaying their new electrically driven fuel pumps.**

● **Flight Refuelling have also completed tests for a new in-flight refuelling system for helicopters. This complicated procedure is expected to be of particular benefit to special forces (Gordon Page interview, TWST.com Feb 2002).**

Recent deals

Aircraft contracts

● EUROFIGHTER

With FR-HiTEMP (fuel system), Chelton (radomes) and Flight Refuelling (missile eject launcher) all involved, Cobham provides around £750,000 of equipment for every Eurofighter (Financial Times 23.3.2001).

● HAWKS

Since the acquisition of BAE Systems' radome division for \$7.42m in 2000, Chelton has been the sole supplier of radomes for Hawk jets. FR-HiTEMP, another company purchased from BAE Systems in 2000, provide the fuel systems for the Hawks (Jane's Defence Industry 14.10.2000). Hawk jets have recently been sold to Australia and South Africa and BAE Systems are currently trying to finalise a Hawk deal with India.

● JOINT STRIKE FIGHTER (JSF)

Although Cobham companies worked with Boeing on their unsuccessful bid to build the new JSF (\$800,000 invested in the fuel system), FR-HiTEMP will provide a range of components for the winning Lockheed Martin fighter. The current development and demonstration phase of the project will define the extent of future involvement. Other Cobham companies, such as Sargent Fletcher (weapon ejection) and Stanley Aviation (fuel systems), are working hard to obtain further work on this aircraft (Cobham new business update 1.11.2001).

In terms of exports, the JSF is expected to emulate the F-16 fighter which has been sold extensively around the world. Current F-16 customers include Bahrain, Egypt, Israel, Jordan and the UAE in the Middle East, as well as Indonesia, Singapore, South Korea, Taiwan and Thailand in Asia.

As well as being part of the fuel system team for the new Joint Strike Fighter, Flight Refuelling has new contracts with the Swedish Airforce totalling £7.8m and with the German MoD (£8m). (Cobham Annual Report 2001)

Air Services

● UK MINISTRY OF DEFENCE

Cobham group company "Flight Precision" has been awarded a contract worth £40m over 10 years to supply a flight inspection service for the MoD (Air Forces Monthly Jan 2002).

● AUSTRALIAN CUSTOMS & MILITARY

National Jet Systems (Australia) have benefited from Australian Prime Minister Howard's vow to crack down on asylum seekers. This Cobham company will provide surveillance flights and equipment upgrades to help Australian Customs and Military to monitor Australia's coastline. This has involved the purchase of two new

Bombardier Dash 8-200 aircraft (Cobham Annual Report 2000). Prime Minister Howard's "coastwatch" program is the largest of its kind in the world and will be worth £12.8m to Cobham over the next four years (Cobham News Nov 2001).

"Australia is now turning boats full of asylum seekers away from Australian waters in contravention of international maritime law."
Amnesty International Australia.

The Australian Government's policy towards asylum seekers and especially boat people has been condemned as cruel and racist by many within Australia and by the wider international community.

● UNITED ARAB EMIRATES & JORDAN

Although the majority of Cobham's products are made for European or American Military purposes, there is evidence of expansion into new markets.

FR Aviation will supply training aircraft for the UAE, a move which "marks completion of the first phase of what is hoped will become a long and rewarding association with the UAE armed forces." Cobham's Chelton group have agreed to supply similar training aircraft to the Jordanian Military (Cobham News, Winter 2001). Cobham companies will also be attending "Asian Aerospace 2002" (See "New Products").

● Joint Venture: THE AIRTANKER CONSORTIUM

Cobham is one of five equal partners bidding for a contract to provide air/air refuelling systems for the UK's £9bn air tanker programme Private Finance Initiative (Financial Times 3.7.2001).

Recent Acquisitions

Cobham's most significant recent acquisition has been the power and control business of BAE Systems. The business was purchased for £63.8m in December 2000 and renamed "FR-HiTEMP Ltd". FR-HiTEMP is now part of Cobham's flight refuelling group of companies and will increase Cobham's share of the fuel/hydraulics military market (Financial Times 5.12.2000).

A similar deal was made for Chelton to purchase BAE Systems' Radome division for \$7.42m in the same year.

Other recent acquisitions

- **Omnipless (South Africa)** Antennae technology (38m).
- **Transco (USA)** Antennae technology (£2.5m).
- **Salies (France)** Microwave and telecom equipment (£3m).
- **Team S.A. (France)** Airborne audio and radio systems (£7.7m).
- **Sierra Flight Systems** - 3D flight displays for military markets (undisclosed).

Board of directors

Sir Michael Knight Chairman. 35 years with the RAF, President of the Air League, Director of RAFC Ltd, non-executive Chairman of Cranfield Aerospace Ltd.

G.F. Page Chief Executive. Treasurer of Society of British Aerospace Companies (SBAC), member of DTI's Industrial Development Advisory Board, Chairman of Wessex branch of the Institute of Directors.

A.E. Cook Deputy Chief Executive. Joined from BAE systems where he was Director of Eurofighter. Is also a Director of SBAC.

A.G. Irwin Group Financial Director.

R.H.L. Clark Managing Director, Flight Re-Fuelling Ltd.

G.C. Cooper Managing Director, Chelton Ltd.

G.E. Roe Managing Director, FR Aviation Group Ltd. Joined the board in 1997 after a career in the Ministry of Defence in which he held senior posts including Director General of Aircraft Systems. Former Chairman of MoD/Industry Commercial Policy.

The Lord Rockley Non-executive Director. Also non-executive Director of several other companies including Foreign and Colonial Investment Trust PLC, and non-executive Chairman of Hall and Woodhouse Ltd.

J.D.M. Smith Non-executive Director. Also non-executive Director of Bullogh plc and Paterson Zochonis plc.

Dr J.W. Edington Non-executive Director. Also a non-executive Director of Ascot plc.

Major shareholders

Scottish Widows Partnership 7.69%
Lloyds/TSB Group Plc 3.17%

Cobham companies

Head Office: Cobham plc, Brook Road, Wimborne, Dorset BH21 2BJ.
Tel: 01202-882020

UK

Air Precision Ltd.
Alan Cobham Engineering Ltd.
Chelton Ltd.
Chelton (Forming) Ltd.
Cobham Aerospace Ltd.
Cobham Composites Ltd.
Cobham Group Ltd.
Cobham Leasing Ltd.
Complas Ltd.
FR Aviation Ltd.
FR Finances Ltd.
FR Leasing Ltd.
Flight Precision Ltd.
Flight Refuelling Electronics Ltd.
Flight Refuelling Ltd.
Flight Refuelling Targets Ltd.
High Temperature Engineers Ltd.
Lockman Investments Ltd.
M L Aviation Ltd.
M L Lifeguard Equipment Ltd.
M I Aircraft Services Ltd.
Nautcair Components Ltd.
Slingsby Amphibious Hovercraft Ltd.
Slingsby Aviation Ltd.
Slingsby Engineering Ltd.
Strabor (Aircraft) Ltd.
Strabor (Marine) Ltd.
W E S (Fabrications) Ltd.
W E S Ltd.
W E S (Manufacturing) Ltd.

FRANCE

Air Precision Sa.
Chelton
Label Sa.
Precision Air Services
Precision Aviation Industries
Satori Sa.
Societe Immobiliere Des Ulis

CANADA

Carleton Life Support Technologies Ltd.
Chelton Technologies Canada Ltd.
Northern Airborne Technology Ltd.

UNITED STATES

A C R Electronics Inc.
Atlantic Microwave Corporation
Carleton Technologies Inc.
Chelton Avionics Inc.
Chelton Communications Systems Inc.
Chelton Inc.
Comant Industries Inc.
Continental Microwave & Tool Co Ltd.
Conax Corporation
Conax Florida Corporation
FR HiTemp, Inc.
FR Holdings Inc.
Kevlin Corporation
Norad Technologies Inc.
Sargent Fletcher Inc.
Stanley Aviation Corporation



Written by
Eóin Quiry
February 2002

The Campaign Against Arms Trade is working for the reduction and ultimate abolition of the international arms trade, together with progressive demilitarisation within arms-producing countries. For more information about CAAT's work and how you can be involved, contact:

Campaign Against Arms Trade (CAAT)
11 Goodwin Street, Finsbury Park, London N4 3HQ
Tel: 020-7281 0297
Email: enquiries@caat.demon.co.uk
Web: www.caat.org.uk

