

Ultra Electronics

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Ultra Electronics down to neutral as JP Morgan says aerospace and defence stocks have 'moved too far too fast'

Ultra Electronics Holdings PLC (LON:ULE) has been downgraded to 'neutral' from 'overweight' by analysts at JP Morgan as they reassessed their view of European aerospace and defence stocks, saying shares in the sector have "moved too far too fast".

In a note on Friday, the bank also cut its target price for the FTSE 250 firm to 2,300p from 2,325p, saying they remained "cautious" on the sector, highlighting that a major US lockdown in early 2021 cannot be ruled out and would be "a major setback for the aero industry".

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JP Morgan added that any coronavirus vaccine "will likely not be widely deployed" until the second half of 2021 and several years to deploy globally, and as a result, it was "premature" to change their forecasts.

The bank added that many companies across the aviation spectrum have seen "a significant increase in net debt" which will take many years to repair, meaning "airlines will have less money to spend on capex and Aero companies will have less money for dividends".

JP Morgan also said that many airlines and aero firms will "almost certainly need to issue new equity" and they continued to believe that consensus earnings forecasts for 2021 and 2022 were "too high for most companies".

Shares in Ultra Electronics fell 0.7% to 2,150p in mid-morning trading.

Price: 1912

Market Cap: £1.36 billion

1 Year Share Price Graph



Share Information

Code: ULE

Listing: LSE

52 week	High	Low
	2540	1446

Sector: Hardware & electrical equipment

Website: www.ultra-electronics.com

Company Synopsis:

Ultra Electronics is a group of specialist businesses designing, manufacturing and supporting electronic and electromechanical systems, sub-systems and products for defence, security and aerospace applications worldwide.

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