



Final Results

25th February 2010

Agenda

Highlights

Simon Pryce

Market & Business Overview

Simon Pryce

Financial Performance

Andrew Wood

Cash Flow

Mark Hoad

Looking Forward

Simon Pryce

Q & A

A robust financial performance

- Sales £1,080.8m (2008: £1,156.1m)
- Underlying operating profit of £100.5m (2008: £109.7m)
- Free cash inflow up 78% to £137.5m (2008: £77.2m)
 - Cash conversion of 179% (2008:101%)
- Net debt down £163m to £392m
- Adjusted EPS of 14.6p
- Annual dividend maintained at 7.6p

Significant operational progress

- Strong underlying business developments
 - Market share gains
 - New contract wins
 - Important additional authorisations
- Effective management of cost base
 - £25m in 2009, £30m annualised
 - Significant headcount reduction
 - Improved efficiency and productivity

Management developments

	<p>Appointed: June 2007</p> <p>9 years at GKN plc (various roles including Chief Executive of GKN's Diversified Businesses Group)</p> <p>Qualified Chartered Accountant</p>		<p>Appointed: April 2010</p> <p>Joined BBA Aviation as Group Financial Controller in May 2005. Previously at RMC Group plc</p> <p>Qualified Chartered Accountant</p>
<p>Simon Pryce: Chief Executive Officer</p>		<p>Mark Hoad: Group Finance Director Designate</p>	

Flight Support

Aftermarket Services & Systems

Signature

President:
Michael Scheeringa

Appointed:
Jan 2009

Background:
Flight Options, LLC, CEO

ASIG

President & COO:
Keith Ryan

Appointed:
2001

Background:
25+ years industry experience. VP Operations at Signature

ERO

President:
Hugh McElroy

Appointed:
2005

Background:
President and CEO BBA Engine Services. Senior Executive of DAI. President of Airwork Corp

Legacy

President:
Peg Billson

Appointed:
Sept 2009

Background:
25+ years aviation experience. COO, Eclipse Aviation and senior roles at Honeywell

APPH

Division MD:
Mike Askew

Joined Group:
Jan 2010

Background:
Aerospace industry including divisional MD at Doncasters plc



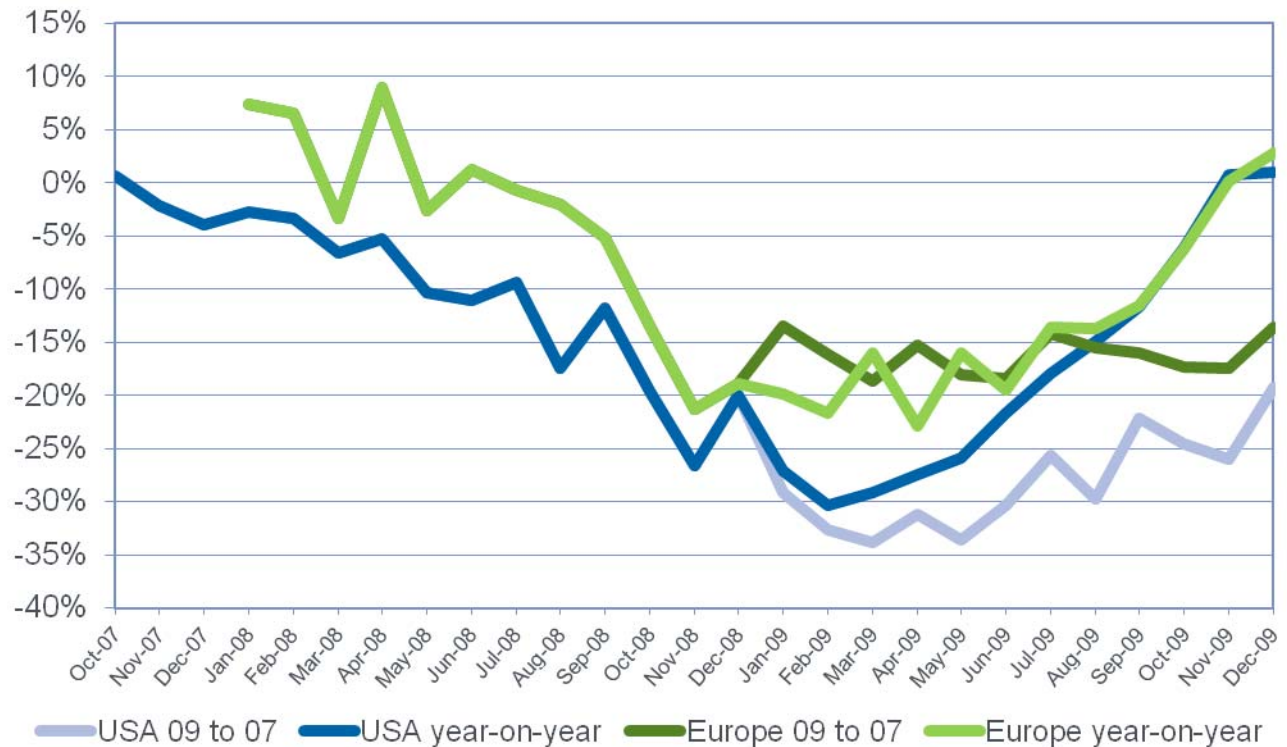
Market & Business Overview

Simon Pryce

Markets stabilised

- B&GA movements improving
- Commercial aviation movements stable
- Military spend remains robust

B&GA market activity based on aircraft movements

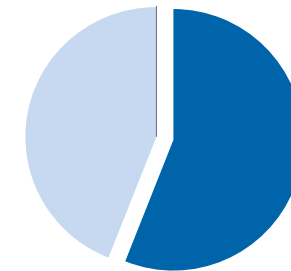


Flight Support continues to outperform

Signature

- Organic sales decline 7%
 - North American down 8%, Europe flat
 - Modest organic volume growth in Q4
- North American market down 19%, European market down 14%
- Market share gains, US Netjets contract renewal
- Network enhancement
- Structural cost reduction
- Operational initiatives to improve service levels and cost of delivery

Flight Support
~ 56% Group EBIT



ASIG

- Organic sales decline 5% - market activity down 14%
- De-icing revenue down slightly
- Network extension
- Net new contract wins increase annualised revenue by \$14m
- 2-year extension to JFK TOGA contract
- Effective cost management

Signature flight activity



Aftermarket Services & Systems operating effectively

ERO

- Organic revenue decline of 18%
- New authorisations
- Service network extension
- Effective cost and asset management

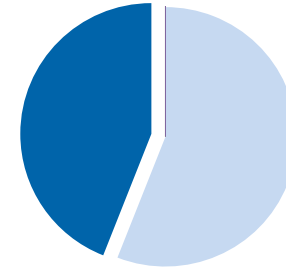
Legacy Support

- Revenue growth of 14%
- Ontic US order book increased by 18% to \$56m
- Ontic UK facility fully operational and certified

APPH

- Organic revenue decline of 20% - impacted by OE schedules and de-stocking
- New business wins
- Cost base reduction
- Improved focus

Aftermarket
~ 44% Group EBIT



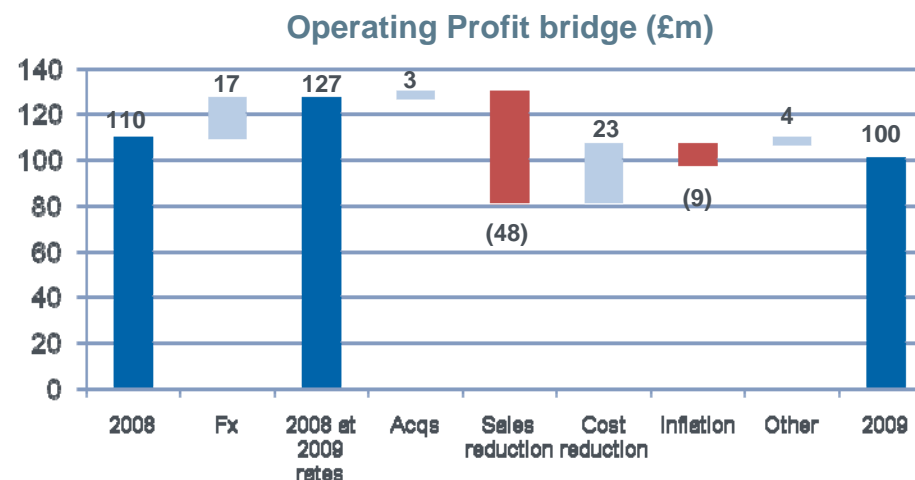
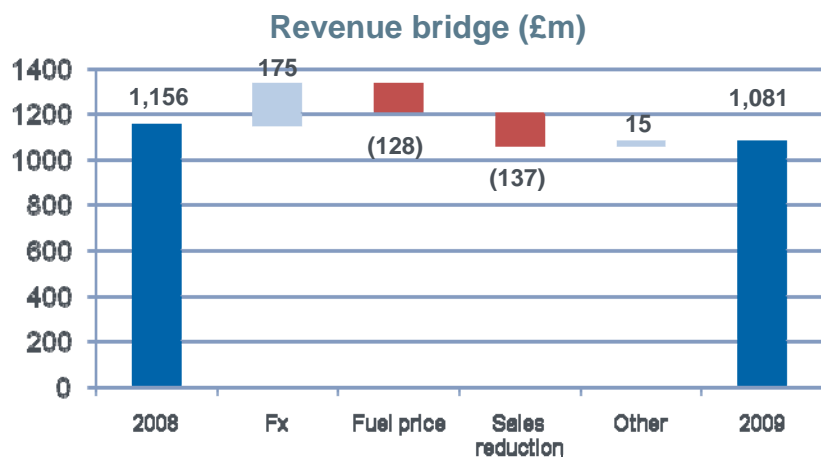


Financial Performance

Andrew Wood

Financial overview

- Operating profits of £100.5m down 8% on prior period (2008: £109.7m)



- Significant headcount and discretionary spend reduction at minimal cost
- Business generally flexing to environment as anticipated
- Lower tax rate of 21.7% (2008: 26.1%)
- Strong free cash flow of £137.5m (2008: £77.2m) with cash conversion of 179%
- Net debt reduced by more than £160m - over £100m from net cash flow

Income statement (1)

£m	2009	2008 as reported	Change	Change (constant Fx)
Revenue	1,080.8	1,156.1	(7)%	(19)%
Revenue (fuel adjusted [^])	1,209.0		5%	(9)%
Operating Profit*	100.5	109.7	(8)%	(21)%
Margin %*	9.3%	9.5%		
Margin %* (fuel adjusted [^])	8.3%			
EBITDA*	139.3	143.3	(3)%	(16)%
EBITDA Margin*	12.9%	12.4%		
Net Interest	(22.3)	(20.5)	(9)%	(17)%
Profit Before Tax**	78.2	89.2	(12)%	(22)%
EPS*	14.6p	16.1p	(9)%	(19)%
Dividend	7.6p	7.6p		
Return on Invested Capital†	8.4%	9.9%		

* Pre exceptional items

** Operating profit pre exceptional items less interest

† 12 month constant currency average

^ Constant fuel price

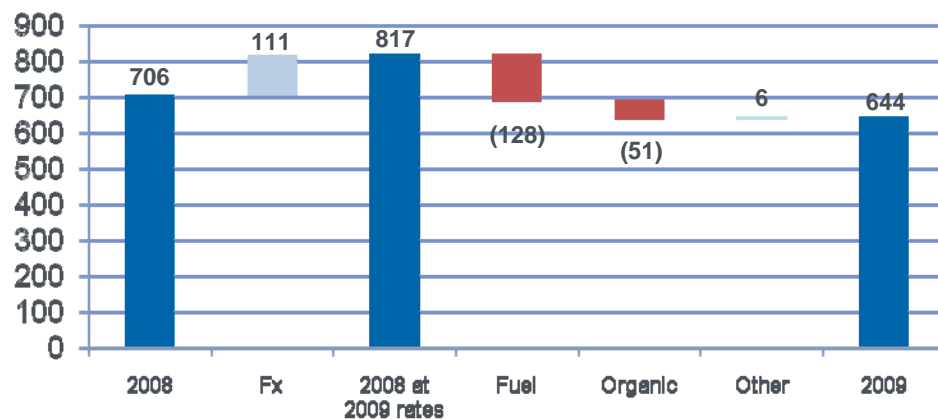
Income statement (2)

£m	2009	2008
Profit Before Tax*	78.2	89.2
Restructuring costs	(6.0)	(8.2)
Amortisation of acquired intangibles	(3.8)	(2.1)
Other Operating Income	-	5.3
Other Operating Expense	(8.0)	-
Loss on disposal of businesses	(0.4)	-
Exceptional items	(18.2)	(5.0)
<i>Cash exceptional items</i>	(3.9)	2.3
Total Profit Before Tax	60.0	84.2
Profit for the Period	45.5	62.9
Tax rate	21.7%	26.1%

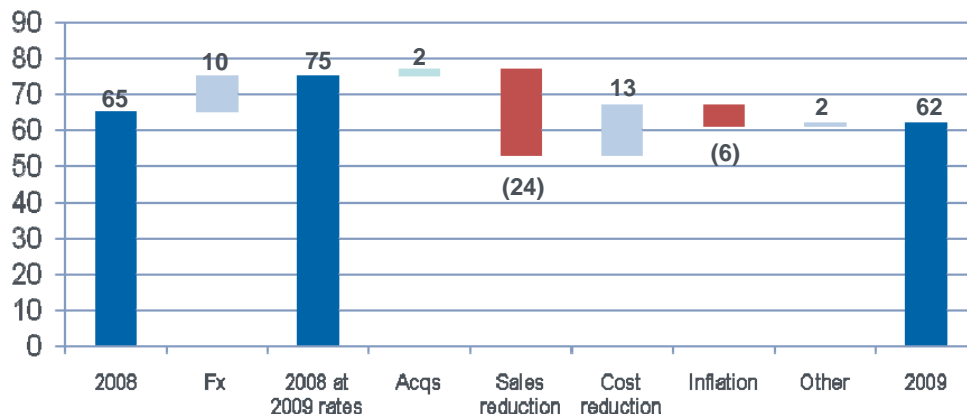
* Pre exceptional items

Flight Support

Revenue Bridge (£m)



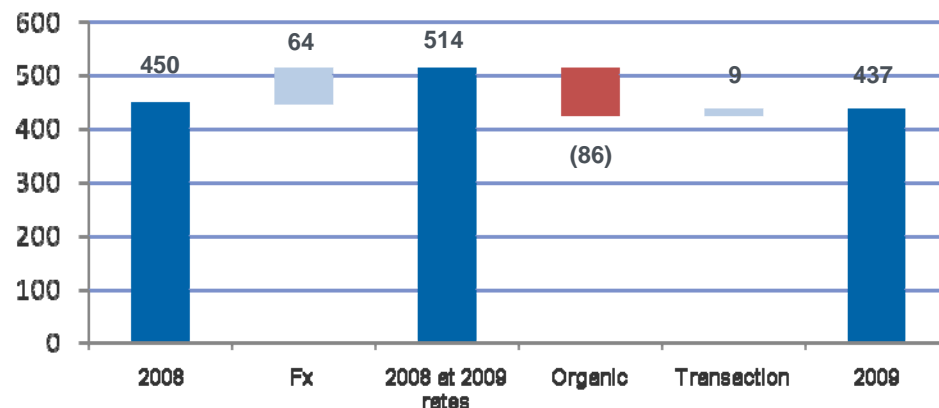
Operating Profit Bridge (£m)



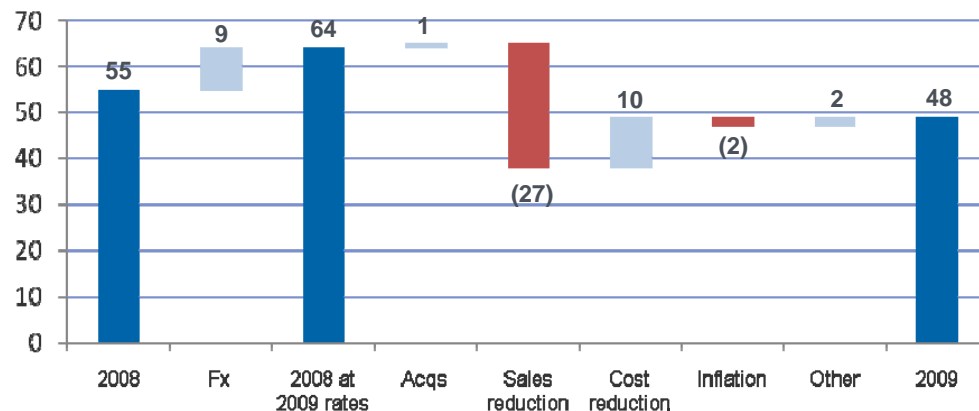
- Organic revenue decline of 6%
 - Signature (7)%, ASIG (5)%
- Underlying operating profit down 17% at constant exchange rates
- Margin of 9.6%, but 8.0% at constant fuel prices (2008: 9.2%)
- Cash conversion 143% (2008: 95%)
- Divisional ROIC 7.9% (2008: 9.7%)

Aftermarket Services and Systems

Revenue Bridge (£m)



Operating Profit Bridge (£m)



- Organic revenue decline of 17%
- Underlying operating profit down 24% at constant exchange rates
- Operating margins of 11.1% (2008: 12.3%)
- Rental engine sale generates cash of £17.6m and operating profit of £4.6m
- Cash conversion 218% (2008: 102%)
- Divisional ROIC 8.9% (2008: 11.3%)

Cost savings and operational gearing

Headcount reduction

	Total	Signature	ASIG	ERO	Legacy	APPH
2008	308	87	140	47	3	31
2009	995	345	236	256	14	144
Total	1,303	432	376	303	17	175
% Reduction	13%	18%	7%	22%	11%	29%

- 20% overall reduction excluding ASIG
- Cost of rationalisation c. £8m (2009: £4m)

Cost savings (including discretionary spend)

	2008	H1 09	H2 09	2009	Annualised
£m	3	10	15	25	30

Operational gearing

	Signature	ASIG	ERO	Legacy	APPH
% of costs fixed	30%	30%	20%	30%	30%



Cash Flow

Mark Hoad

Cash flow/debt

£m	2009	2008
Cash Flow from operating activities	178.8	126.4
Net Capital Expenditure	(18.0)	(29.8)
Capital Expenditure to Depreciation	0.5x	0.9x
Working Capital movement	57.9	3.8
Free Cash Flow*	137.5	77.2
Acquisitions (incl. licences)	(9.1)	(98.3)
Disposals (net of costs)	3.7	0.4
	2009	2008
Debt	391.6	554.4
Net Debt to EBITDA (covenant calculation)	2.8x	2.9x

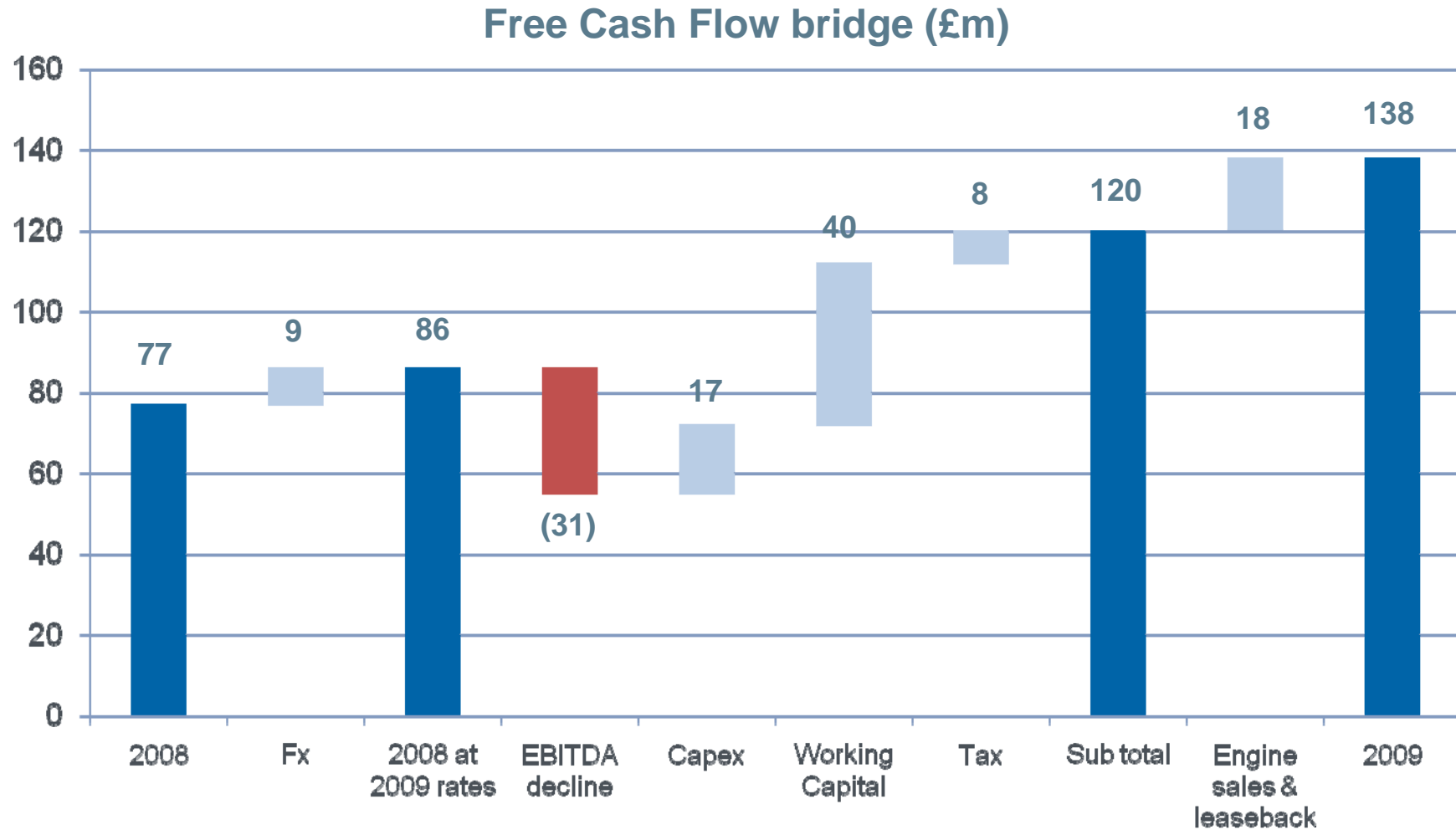
* Cash generated by operations plus dividends from associates less tax, interest and capital expenditure

Capital expenditure

	2009 £m	2008 £m (Constant Fx)
Signature	6	12
ASIG	5	13
Flight Support	11	25
ERO	4	6
Legacy Support	1	1
APPH	2	2
Aftermarket Services and Systems	7	9
Group	18	34
Multiple of depreciation	0.5x	0.9x

2008: £30m as reported

Significant cash flow protecting leverage



Financial priorities

- Continued focus on cash flow generation and debt reduction – improving leverage position
- Selective working capital opportunities
- Capex increasing to c. £25m
- No short-term refinancing requirement
 - \$900m maturing Sep 2012, \$175m maturing Aug 2011
 - Considering other longer maturity sources of debt
- Interest charge reducing on lower net debt
- Continue with exit from swap position
- Tax rate should be maintained
- UK pension scheme
 - Actuarial valuation underway
 - Benefits changed



Looking Forward

Simon Pryce

Focused on sustainable & long-term value creation

Quality businesses

- Market leading
- High barriers to entry
- Low operational gearing

Robust performance

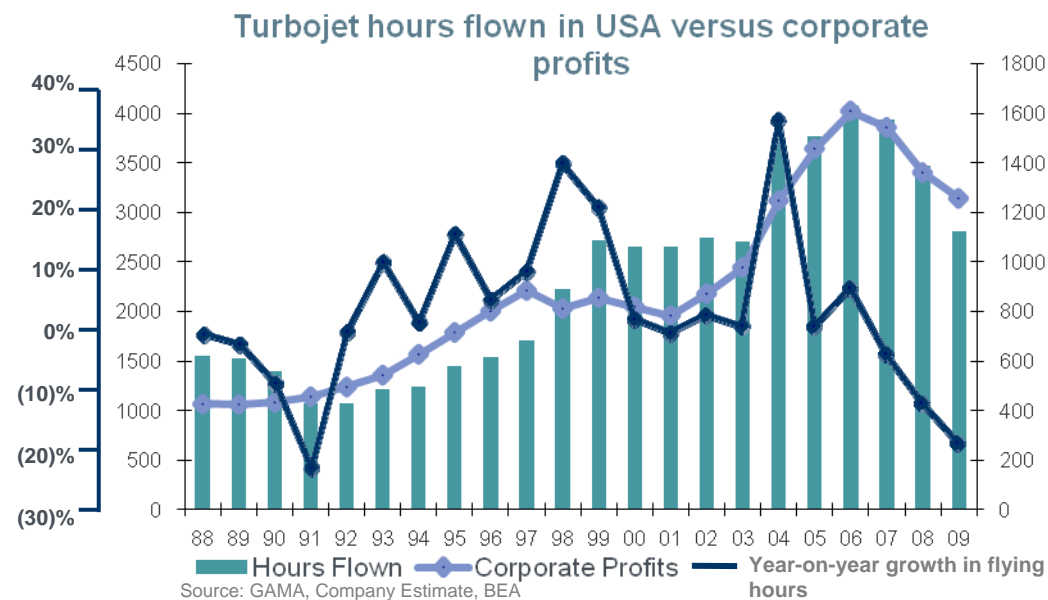
- Proven management team
- Strong financial performance
- Actively managing for value creation

Attractive growth opportunities

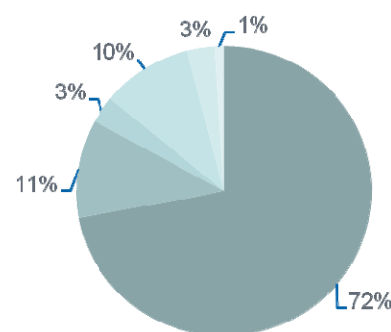
- Cyclical market recovery
- Inherent secular growth
- Value creative consolidation opportunities

Fundamentally attractive markets

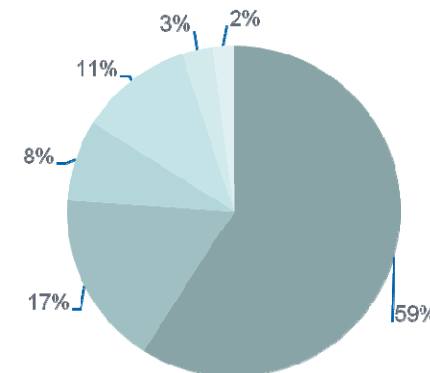
- **B&GA**
 - Close correlation to GDP and corporate profits
 - Services recover quicker than OE and R&O
 - Market forecasters still project through-cycle growth 4-6%
 - Higher growth likely in early phase of a recovery once it has taken hold
- **Commercial aviation**
 - Forecast movements growth of over 40% by 2018
- **Military**
 - MRO market expected to grow 15% to \$67.3bn by 2018



2009: Global Fleet = 29,700 aircraft



2018: Global Fleet = 38,100 aircraft



North America
 Europe
 Asia
 South America
 Africa
 Australia & New Zealand

Summary

- Resilient through-cycle performance
 - Outperforming our markets
 - Effective cost management
 - Strong cash generation
- Markets stabilised
 - Early signs of recovery
 - Pace, sustainability unclear
- Attractive long term growth prospects
 - Cyclical recovery
 - Secular growth
 - Fragmented markets
- Well positioned for 2010 and beyond



Q&A



Appendix

Exchange rates

	2009		2008	
	\$	€	\$	€
Average	1.56	1.12	1.85	1.26
Period end	1.61	1.13	1.44	1.03

Disclaimer

This presentation contains forward-looking statements including, without limitation, statements relating to: future demand and markets of the Group's products and services; research and development relating to new products and services; liquidity and capital; and implementation of restructuring plans and efficiencies. These forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Accordingly, actual results may differ materially from those set out in the forward-looking statements as a result of a variety of factors including, without limitation: changes in interest and exchange rates, commodity prices and other economic conditions; negotiations with customers relating to renewal of contracts and future volumes and prices; events affecting international security, including global health issues and terrorism; changes in regulatory environment; and the outcome of litigation. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.