

BBA Aviation plc
2009 Final Results
Results for the year ended
31 December 2009

For further information please contact:

Simon Pryce, Group Chief Executive
Andrew Wood, Group Finance Director
BBA AVIATION PLC

(020) 7514 3990
(020) 7514 3950

Simon Sporborg / Jayne Rosefield
BRUNSWICK

(020) 7404 5959

A video interview with Group Chief Executive Simon Pryce is now available on www.bbaaviation.com and www.cantos.com.

An audio webcast of the analyst presentation will also be available from 09:00 today on www.bbaaviation.com and www.cantos.com.

FINAL RESULTS FOR PERIOD ENDED 31 DECEMBER 2009

Results in brief (£m)	Underlying results*			Statutory results		
	2009	2008	% Change	2009	2008	% Change
Revenue	1,080.8	1,156.1	(7%)	1,080.8	1,156.1	(7%)
EBITDA	139.3	143.3	(3%)	124.9	140.4	(11%)
Operating Profit ¹	100.5	109.7	(8%)	82.3	104.7	(21%)
Profit before tax	78.2	89.2	(12%)	60.0	84.2	(29%)
Earnings per share ²	14.6p	16.1p	(9%)	11.4p	15.3p	(25%)
Free Cash Flow ³				137.5	77.2	78%
Net Debt				391.6	554.4	
Dividend per share				7.6p	7.6p	

* As defined below.

(1) Underlying operating profit being total operating profit (including associates) before exceptional items.

(2) Basic earnings per share adjusted to exclude the after-tax impact of exceptional items.

(3) Cash generated by operations, plus dividends from associates, less tax, net interest and net capital expenditure (excluding Ontic licence acquisitions).

The definitions outlined above are consistently applied throughout this preliminary announcement.

Financial highlights

- Free cash inflow of £137.5m up 78% (2008: £77.2m), cash conversion of 179% (2008: 101%)
- Net debt of £391.6m down £162.8m compared to year end 2008 (£554.4m)
- Net debt to EBITDA 2.8x (2008: 2.9x)
- Cost base reduced by c. £25m in 2009, £30m on an annualised basis
- Underlying operating profits of £100.5m down 8%
- Adjusted earnings per share of 14.6p down 9%
- Dividend for the year maintained at 7.6p and a scrip alternative will be offered

Operational highlights

In Flight Support (56% of Group EBIT):

- Signature continued to outperform the market significantly, returning to modest growth in the last quarter of 2009
- ASIG proving resilient through the cycle; substantial net new business wins

In Aftermarket Services and Systems (44% of Group EBIT):

- Cost reduction measures mitigate Engine Repair market weakness; working capital reduction of £48m
- Legacy Support delivered strong revenue growth due to new licences
- APPH continues to be impacted by OEM production cutbacks, business resized

Simon Pryce, BBA Aviation Group Chief Executive, commented:

“As we expected, BBA Aviation delivered a strong relative performance in 2009 despite the continued cyclical downturn in our major markets. We have made good underlying progress with market share gains, contract wins and new authorisations. We have managed our cost base effectively to improve our underlying operational efficiency and to limit the impact of volume declines on financial performance. We have clearly demonstrated the flexibility and strongly cash generative nature of BBA Aviation with free cash flow up 78% to £138m and net debt down by £163m to £392m.

We saw preliminary indications in the last quarter of 2009 that we are through the worst of the downturn in business and general aviation flying hours, as Signature returned to modest organic volume growth. This has continued in the first few weeks of 2010, although the nature and profile of the recovery remains unclear. Our Flight Support businesses will be the first to benefit from any sustained recovery in flight activity, but the improvement in our later-cycle Aftermarket businesses will take longer to be realised. We will continue to control our cost base, drive operational improvement and focus on debt reduction and cash generation. Management actions taken over the last two years have positioned the Group to benefit from the cyclical upturn and we remain confident about the outlook, attractive secular growth prospects and consolidation opportunities in our major markets.”

FINAL RESULTS 2009

Overview

This is another robust set of results for BBA Aviation and provides clear evidence of the through-cycle strength of the Group. Our focus on cash generation resulted in free cash flow up 78% to £137.5 million (2008: £77.2 million) and net debt reduced by £162.8 million to £391.6 million. As a result of this our net debt to EBITDA ratio improved to 2.8 times (2008: 2.9 times). In Flight Support, Signature continues to out-perform the market significantly and ASIG has proved resilient with positive net new business wins. In Aftermarket Services and Systems, the later cycle Engine Repair & Overhaul business has mitigated the expected fall in overhaul activity with cost reductions and other actions that have reduced its working capital by almost £50 million during the year. Legacy Support has continued to grow strongly due to new licences and APPH, which was severely impacted in particular by OEM cutbacks, has been resized to reflect the lower levels of business activity.

The average US dollar rate for 2009 was \$1.56 compared to \$1.85 in 2008 and at the end of the year the spot rate was \$1.61 (2008 year end: \$1.44). This movement in exchange rates has affected the comparison with the prior year both for the income statement and for the translated value of the net assets and debt on our balance sheet.

Revenue for the year fell by 7%, with our businesses impacted by the difficult economic climate. However, we continued to outperform the market with an organic revenue decline (excluding the impact of exchange rates, fuel prices and acquisitions and disposals) of 10%, which contrasts with market reductions of 19% in US business and general aviation (B&GA) activity and 14% in US commercial activity.

Underlying operating profit of £100.5 million was 8% lower (2008: £109.7 million) with the benefit of cost reduction initiatives, exchange rates and the accelerated sale of engines in ERO (which contributed £4.6 million of operating profit in 2009) largely offsetting the impact of reduced activity levels. At constant exchange rates underlying operating profit fell by 21% (2008 at constant exchange rates: £127.0 million). Operating margins for the Group were broadly unchanged at 9.3% (2008: 9.5%), although at constant fuel prices, operating margins would have been 8.3%, with the decline related to the organic reduction in revenue. Total operating profit of £82.3 million decreased by £22.4 million (2008: £104.7m) due to lower underlying operating profit and the increased cost of exceptional items which amounted to £18.2 million (2008: £5.0 million).

We took significant action in the second half of 2008 and first half of 2009 to address the cost base of the business. These cost reduction initiatives related primarily to headcount reduction, as well as the tight control of all discretionary spending. These actions contributed approximately £25 million of savings in 2009 and the incremental benefit of these savings is expected to be approximately £5 million in 2010.

The key area of focus in 2009 was cash generation and the reduction of net debt. Free cash flow increased substantially to £137.5 million (2008: £77.2 million) due principally to a working capital inflow of £57.9 million (2008: £3.8 million) and reduced capital expenditure of £18.7 million (2008: £30.9 million). The net cash inflow of £107.2 million also benefited from reduced dividend payments of £21.9 million (2008: £31.9 million) as a result of the level of take up of the scrip alternative. Net debt was reduced to £391.6 million (2008: £554.4 million), including a foreign exchange gain of £55.6 million. The attention to cost control and debt reduction has ensured that despite the market downturn and lower activity levels, the Group's leverage ratio (net debt to EBITDA) improved in the year to 2.8 times (2009: 2.9 times).

The net interest charge was £22.3 million (2008: £20.5 million) with the increase over the prior year due to increased pension scheme interest costs (2009: charge £1.5 million, 2008: credit £2.4 million) and the higher translated value of dollar interest (circa £5.1 million) partially offset by the impact of lower debt levels and interest rates. Interest cover was 4.5 times (2008: 5.4 times).

Underlying profit before tax decreased to £78.2 million (2008: £89.2 million), principally due to the lower operating profits generated during the year. Adjusted earnings per share were 14.6p (2008: 16.1p) with the impact of the lower earnings being partially mitigated by a reduction in the tax rate to 21.7% (2008: 26.1%) driven by the full year benefit of a new financing structure which was implemented in the second half of 2008.

Profit before tax declined to £60.0 million (2008: £84.2 million) due to the reduction in underlying operating profit and the increase in exceptional items. Exceptional items amounted to a net charge of £18.2 million (2008: £5.0 million) of which £14.4 million was non-cash (2008: £7.3 million non-cash charge). Unadjusted earnings per share were 11.4p (2008: 15.3p).

A final dividend of 5.3p has been recommended by the Board (2008: 5.3p) leaving the dividend for the full year unchanged at 7.6p. A scrip alternative will again be offered to give shareholders the opportunity to increase their shareholding without incurring dealing costs or stamp duty.

Business Review

Flight Support (representing 56% of Group EBIT)

Revenue of £643.8 million (2008: £705.9 million) in Flight Support reduced by 9%, impacted by a significant reduction in fuel prices (£128.2 million) and a substantial decline in market activity. At constant exchange rates and fuel prices, revenue declined by 6% on an organic basis. The net impact of acquisitions and disposals was broadly neutral. Underlying operating profit of £61.8 million was down 5% as reported, and by 17% on a constant currency basis, with the reduction principally driven by the lower level of market activity. Return on invested capital declined to 7.9% (2008: 9.7%).

Operating margins increased slightly to 9.6% (2008: 9.2%) but benefited from the impact of lower fuel costs. At constant fuel price margins would have been 8.0% with the decrease over the prior year due to the organic reduction in activity.

Cash generation in the division was strong with a 44% increase in operating cash flow to £88.5 million (2008: £61.6 million), representing cash conversion of 143% (2008: 95%).

Signature

Revenue in 2009, on a constant currency basis, reduced by 26% to £435.1 million, but excluding the impact of lower fuel prices in 2009, which contributed £117.5 million to the revenue reduction, the overall organic revenue decline was 7%.

The B&GA markets in both North America and Europe experienced substantial declines in 2009. In North America, the reduction from the 2007 peak reached its trough in the first half, down 34%, before stabilising mid-year and then showing sequential monthly improvement over the second half of the year.

Signature consistently outperformed the market throughout 2009. Compared to a market decline in North America of 19%, Signature's organic revenue declined by 8% and in Europe, revenue was flat on an organic basis compared to a market contraction of 14%. For the first time since the end of 2007 Signature North America experienced modest organic volume growth of 3% in the last quarter of the year compared to the same period in 2008. This has continued in the first few weeks of 2010.

Following a number of years in which Signature had been very successful in securing large cross-network customers, in the second half of 2008 and throughout 2009, management focused more attention on other users of its network and as a result increased market share of these customers. Signature US signed a new five-year contract with NetJets, and also secured 24 new large network-wide customer contracts with the potential to generate 5 million additional gallons per annum.

In response to the decline in market activity, Signature reduced headcount by 142 full time equivalents (FTEs) early in 2009 and in the second half of the year introduced demand based staffing which reduced staff by a further 203 FTEs, placing greater emphasis on part-time staff at peak times to better match staff availability, and therefore service, to customer demand.

The extension of the Signature network continued with the establishment of a commercial partnership with Aviapartner giving a presence in Nice, Europe's fifth largest airport for B&GA movements. The duplicate facility at Indianapolis, acquired with Hawker Beechcraft, was disposed of during the second half of the year as planned, generating a gain on disposal of £1.1 million which has been included in exceptional items.

ASIG

Revenue of £208.7 million (2008: £197.6 million) in ASIG increased by 6% on a reported basis, but declined by 9% on a constant currency basis and excluding the £10.7 million impact of lower fuel prices, reduced by 5% on an organic basis. De-icing revenue was slightly lower than the prior year.

The 5% organic revenue reduction represented a substantial outperformance relative to the US market which contracted by 14%, with the outperformance driven by a number of new contract wins during the year.

In addition to the normal practice of flexing airside labour to match demand, ASIG made a structural headcount reduction of 236 FTEs in early 2009, as well as reducing overtime and placing restrictions on other discretionary expenditure.

Early in 2009, ASIG expanded its reach when it entered the Washington Dulles International Airport market with the award of two key aviation fuel services contracts. ASIG was selected by a consortium of 39 airlines to operate the jet fuel facility which supplies all of the carriers operating at the airport. Separately, ASIG was awarded the contract to provide aircraft re-fuelling services to 23 of the airport's carriers, amounting to approximately 100,000 flights annually. In addition ASIG entered the market at Buffalo Niagara International Airport where the company is providing critical winter aircraft de-icing services for US Airways and Continental Airlines.

ASIG renewed system-wide agreements with American Airlines, Delta Air Lines and Frontier Airlines at numerous airports across North America, added a number of ground handling and re-fuelling contracts, and added baggage system and jetway maintenance contracts at Los Angeles International Airport. In Europe, ASIG's joint venture with Skytanking was successful in renewing its fuel services agreements at Munich International Airport for a further five years. In total, net new contract wins should generate approximately \$14 million of incremental revenue annually.

In 2008, ASIG secured a seven-year, \$150 million contract to provide ground services at JFK International Airport's Terminal One, one of the industry's largest ground handling contracts. Based on our strong performance and the achievement of our service commitments, the contract has been extended by an additional two years beyond the original term.

Our into-plane refuelling business in Thailand, established in 2006, is being adversely impacted by the local competitive environment that is affecting our ability to generate appropriate margins in the short-term. As a result of this, we incurred a non-cash accounting impairment charge of £5.5 million against the investment in the first half of the year. We remain committed to the market and to our customers and continue to value the strategic importance of this foothold in the fast-growing Asia-Pacific region.

Aftermarket Services and Systems (representing 44% of Group EBIT)

Revenue for the Aftermarket Services and Systems segment of £437.0 million was 3% lower than the prior year (2008: £450.2 million) with the benefit of foreign exchange translation largely offsetting the adverse impact of lower market volumes. On an organic basis revenue declined by 17% reflecting the later cycle impact of the lower flying activity on engine repair events and demand for other services in the aftermarket businesses.

Underlying operating profit declined by 13% on an as reported basis to £48.5 million, and on a constant currency basis was down 24%. This market led reduction was also reflected in lower operating margins at 11.1% (2008: 12.3%). Engine Repair and Overhaul (ERO) successfully accelerated the sale of a number of engines, generating cash of £17.6 million, and contributing operating profit of £4.6 million in the year. Return on invested capital decreased to 8.9% (2008: 11.3%).

Cash generation was strong with operating cash flow almost doubling to £105.5 million, representing cash conversion of 218% (2008: 102%). Engine Repair and Overhaul was a significant contributor to this performance, with a near £50 million reduction in its working capital levels.

Engine Repair and Overhaul

Revenue in ERO of £334.4 million was down 2% compared to 2008 (£342.9 million), but down 18% on an organic basis. The organic reduction reflected lower market activity across all product lines.

In response to the sharp decline in activity levels, prompt action was taken early in 2009 and again mid-year with headcount reduced in total by 256 FTEs, taking the workforce reduction since 2008 to 22%. 2009 also saw a significant effort in cross-training of the remaining workforce, so as to be more flexible in matching staffing levels to demand.

Despite the weaker market conditions ERO won new long-term contracts with the Brazilian Air Force for PW100 engines (\$15 million over five years), US-based fractional provider Avantair for PT6 (\$5 million over five years) and a three-year service agreement with Hawker Beechcraft Services as its preferred engine service provider. We successfully secured the sale of a number of engines generating cash of £17.6 million, consistent with our aim of reducing our investment in these types of assets. In addition ERO continued its structural reduction in inventory which fell by £14.3 million adding to the £13.0 million reduction achieved in 2008.

A number of new authorisations were signed in the year, including the PT6T (Twinpac) helicopter engine in Europe at a cost of £5.7 million for the licence and other assets (with payment deferred until 2010) which should generate annual revenues in excess of £5.0 million once fully adopted. Additional authorisations were secured for the Hamilton Sunstrand T40-1 APU used on Sikorsky Blackhawk and Seahawk helicopters, and JT15D for the Pratt & Whitney Canada ESP Maintenance Programme.

ERO continued to expand its locations, placing it closer to its customers, with the establishment of a turbine engine shop inside Cessna's facility in Wichita, Kansas, a Mobile Response Team in Los Angeles, California, a regional turbine centre (RTC) in Belo Horizonte, Brazil and two field technical support offices in Johannesburg and Mumbai thus further strengthening its global service support capability.

Legacy Support

Revenue for Legacy Support at £45.9 million (2008: £34.0 million) grew by 35% over 2008, and by 14% on a constant currency basis, primarily as a result of new licences acquired in 2008.

For Ontic two significant areas of focus in 2009 have been the adoption in the US of the Honeywell 700 Series Auxiliary Power Unit (APU) licence, and the establishment of a UK presence to support the Kidde Gravier Gaseous Emergency Oxygen Equipment (GEOE) licence, both signed in 2008. Both adoptions have proceeded in line with plan, and the UK facility is now fully operational and has received all of the required approvals and certifications.

The Ontic US order book continues to grow, and at the end of 2009 stood at \$56 million, a further 18% increase over the position at the end of last year. We continue to see considerable opportunities to grow this business via licence acquisition, particularly in the current climate as OEMs rationalise their product lines in the face of contracting demand for new original equipment. We are also looking to leverage our new footprint in the UK to extend our licensing model.

APPH - Landing Gear and Hydraulics

In APPH, revenue declined by 18% to £56.1m, and on an organic basis reduced by 20%. The reduction in activity was driven by a number of factors, which included a significant reduction in demand for original equipment from B&GA OEMs, notably Cessna and Hawker Beechcraft. There was also an adverse impact on aftermarket service requirements due to the lower flying activity and the continued downturn in the US regional turboprop market affected demand for landing gear MRO work.

In response to these difficult market conditions, APPH reduced headcount and moved a number of its locations to short working hours, overall reducing FTEs by 29% since 2008. We also closed a small wheels and brakes facility at Basingstoke early in 2009 and consolidated our Houston operations from two locations onto one site.

APPH continued to win new business. We received significant orders for power packs and reservoirs for Hindustan Aeronautics (\$5 million), and APPH supplied the first prototype landing gear system for qualification testing to Eurocopter France for the new EC175 helicopter programme.

Following a review of our aftermarket strategy it was decided that APPH Houston Inc. should be realigned to become part of BBA Aviation's Legacy Support business, with effect from 1 January 2010. APPH Houston's principal focus is legacy platform support and the maintenance, repair and overhaul of associated products, which is a more natural fit with our Legacy Support business.

Other Financial Information

Unallocated central costs amounted to £9.8 million (2008: £10.6 million). The decrease compared with the prior year was as a result of lower pension service costs associated with the UK pension scheme.

In 2009 exceptional items amounted to £18.2 million (2008: £5.0 million), of which £14.4 million was non-cash. The exceptional items include £6.0 million in restructuring expenses associated with the cost reduction initiatives undertaken to reduce the cost base of the business to address the decline in market activity (2008: £8.2 million). Also included in exceptional items are a £1.5 million loss on the closure of a small engineering business (2008: £nil), a £1.1 million gain on disposal of an FBO at Indianapolis, a £2.3 million charge in relation to an onerous lease as well as a £5.5 million non-cash impairment charge against our investment in ASIG Thailand (2008: £nil). Amortisation of acquired intangibles amounted to £3.8 million (2008: £2.1 million). In 2008 the Group received £5.3 million of compensation from the US Department of Transport following the closure of Washington Reagan National Airport in 2001.

The normalised tax rate reduced to 21.7% (2008: 26.1%), with the reduction from the prior year largely driven by the implementation of a new tax structure in the second half of 2008 from which we have received a full year's benefit in 2009. It is anticipated that the rate for 2010 will be held at a similar level.

Cash flow from operating activities increased to £178.8 million (2008: £126.4 million), with a reduction in EBITDA more than offset by reduced capital expenditure and an improved working capital inflow. The cash conversion for the Group was 179% (2008: 101%) and free cash flow almost doubled to £137.5 million (2008: £77.2 million).

Net debt at the end of the year was £391.6 million (2008: £554.4 million), with a net cash inflow of £107.2 million and a foreign exchange gain of £55.6 million. The take up of the scrip dividend alternative reduced the cash dividend payment by £10.0 million to £21.9 million (2008: £31.9 million). The final payment of £9.1 million in relation to the Honeywell APU licence acquisition was made in the second half, and disposals, net of earn-out payments in relation to previous acquisitions, generated £1.7 million.

During the year, the Board undertook a review of our hedging policy, and the decision was made to phase out the use of cross currency swaps in hedging our overseas net assets, and in future net assets will be hedged using underlying borrowings only. \$150 million of cross currency swaps were closed out during the year at a cash cost of £2.9 million. At the end of the year the Group had \$400 million of swaps which were valued at an unrealised loss of £47.7 million when marked to market. The swaps mature between 2011 and 2013 and the actual loss or gain will be dependent on the spot rates at the date the swaps eventually mature or are closed out in the intervening period.

Pensions

The overall value of our pension scheme liabilities increased to £465.2 million (2008: £382.0 million) as a result of the reduction in corporate bond yields, which decreased the discount rate applied to the scheme's liabilities, as well as an increased expectation for inflation which impacts the assessment of future salary increases and pension payments. Asset values increased to £432.0 million (2008: £363.8 million), partly as a result of the strong recovery in financial markets, and partly as a result of the increase in the valuation of the Legal and General insurance annuity purchased in 2008, which matches the increased liability associated with UK pensioner members. Overall, defined benefit pensions showed a deficit of £33.2 million (2008: £23.3 million deficit).

The last actuarial valuation of the scheme was undertaken during 2007, and based on market conditions prevailing as at 31 March 2007 showed a small surplus. As a result of this, no deficit recovery contributions were paid in 2008 and 2009. An updated valuation based on conditions as at 31 March 2009 is currently underway and is expected to be completed during the first half of 2010. This valuation is expected to show a deficit.

The UK defined benefit BBA Income and Protection Plan ("IPP") was closed to new members in 2002. During the second half of 2009, the Company consulted with the active members of the IPP with a view to changing the benefits payable to members to address the deficit expected to arise out of the 2009 valuation, and also to restrict the increasing cost of providing defined benefit pensions and thereby place the plan on a more secure financial footing and make provision of benefits more sustainable in the future. The principal changes being adopted are the change in the basis of future service pension accrual from a final salary defined benefit pension to a career average re-valued earnings (CARE) defined benefit pension and the removal of the link between increases to final salary benefits already accrued and increases to members' salaries. These changes are expected to have an immediate impact in reducing

the ongoing cost of pension provision and reducing BBA Aviation's net liability to the pension plan, and will be taken into account in the finalisation of the 2009 valuation.

Going Concern

The directors have carried out a review of the Group's 2010 budget and medium-term plans, with due regard to the risks and uncertainties to which the Group is exposed, the uncertain economic climate and the impact that this could have on trading performance. Based on this review, the directors believe that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Dividend

The Board is recommending a final dividend of 5.3p (2008: 5.3p) leaving the total dividend for the year unchanged at 7.6p.

A scrip alternative to the cash dividend will again be offered. This alternative is proposed in order to give shareholders the opportunity to increase their shareholding without incurring dealing costs or stamp duty.

Outlook

We saw preliminary indications in the last quarter of 2009 that we are through the worst of the downturn in business and general aviation flying hours, as Signature returned to modest organic volume growth. This has continued in the first few weeks of 2010, although the nature and profile of the recovery remains unclear. Our Flight Support businesses will be the first to benefit from any sustained recovery in flight activity, but the improvement in our later-cycle Aftermarket businesses will take longer to be realised. We will continue to control our cost base, drive operational improvement and focus on debt reduction and cash generation. Management actions taken over the last two years have positioned the Group to benefit from the cyclical upturn and we remain confident about the outlook, attractive secular growth prospects and consolidation opportunities in our major markets.

Responsibility statement of the directors on the annual report

The responsibility statement below has been prepared in connection with the company's full annual report for the year ending 31 December 2009. Certain parts of the annual report are not included within this announcement.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the management report, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

Signed on behalf of the Board,

Simon Pryce
Group Chief Executive
24 February 2010

Andrew Wood
Group Finance Director
24 February 2010

This final results announcement 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.

Group income statement

for the year ended 31 December 2009

		Underlying*	Exceptional items	2009 Total	Underlying*	Exceptional items	2008 Total
		£m	£m	£m	£m	£m	£m
Revenue	Revenue	1,080.8	-	1,080.8	1,156.1	-	1,156.1
	Cost of sales	(875.5)	-	(875.5)	(957.9)	-	(957.9)
	Gross profit	205.3	-	205.3	198.2	-	198.2
Net operating costs	Distribution costs	(18.3)	-	(18.3)	(17.4)	-	(17.4)
	Administrative expenses	(87.6)	(3.8)	(91.4)	(74.9)	(2.1)	(77.0)
	Other operating income	0.7	-	0.7	3.2	5.3	8.5
	Share of profit of associates	1.1	-	1.1	1.0	-	1.0
	Other operating expenses	(0.7)	(8.0)	(8.7)	(0.4)	-	(0.4)
	Restructuring costs	-	(6.0)	(6.0)	-	(8.2)	(8.2)
	Loss on disposal of businesses	-	(0.4)	(0.4)	-	-	-
Operating profit	Operating profit	100.5	(18.2)	82.3	109.7	(5.0)	104.7
	Investment income	7.9	-	7.9	35.1	-	35.1
	Finance costs	(30.2)	-	(30.2)	(55.6)	-	(55.6)
	Profit before tax	78.2	(18.2)	60.0	89.2	(5.0)	84.2
	Tax	(17.0)	2.5	(14.5)	(23.3)	2.0	(21.3)
	Profit for the period	61.2	(15.7)	45.5	65.9	(3.0)	62.9
	Attributable to:						
	Equity holders of the parent	61.1	(13.2)	47.9	66.1	(3.3)	62.8
	Minority interest	0.1	(2.5)	(2.4)	(0.2)	0.3	0.1
		61.2	(15.7)	45.5	65.9	(3.0)	62.9
Earnings per ordinary share		Adjusted		Unadjusted	Adjusted		Unadjusted
	Basic	14.6p		11.4p	16.1p		15.3p
	Diluted	14.4p		11.3p	16.0p		15.2p

* Before exceptional items

Exceptional items are items which are material or non-recurring in nature and the amortisation of acquired intangibles, as set out in note 8.

The consolidated income statement has been prepared in accordance with the accounting policies set out in note 2

Group balance sheet

at 31 December 2009

		2009 £m	2008 £m
Non-current assets	Goodwill	474.9	526.8
	Licenses & other intangible assets	98.1	112.3
	Property, plant & equipment	334.7	407.7
	Investments in associates	1.9	2.5
	Trade and other receivables	18.2	17.9
		927.8	1,067.2
Current assets	Inventories	137.9	171.8
	Trade and other receivables	194.2	279.6
	Cash and cash equivalents	115.4	98.4
	Tax recoverable	0.2	1.4
		447.7	551.2
	Total assets	1,375.5	1,618.4
Current liabilities	Trade and other payables	(230.7)	(277.2)
	Tax liabilities	(45.6)	(47.9)
	Obligations under finance leases	(0.9)	(0.7)
	Bank overdrafts and loans	(33.1)	(18.1)
	Provisions	(0.8)	(1.7)
		(311.1)	(345.6)
	Net current assets	136.6	205.6
Non-current liabilities	Bank loans	(469.4)	(600.2)
	Other payables due after one year	(60.8)	(127.4)
	Retirement benefit obligations	(33.2)	(23.3)
	Obligations under finance leases	(3.6)	(33.8)
	Deferred tax liabilities	(29.9)	(29.4)
	Provisions	(20.4)	(20.7)
		(617.3)	(834.8)
	Total liabilities	(928.4)	(1,180.4)
	Net assets	447.1	438.0
Equity	Share capital	126.0	122.7
	Share premium account	343.4	346.4
	Other reserves	3.9	3.9
	Treasury reserve	(3.2)	(3.4)
	Capital reserve	19.8	18.8
	Hedging and translation reserves	10.4	10.9
	Retained earnings	(51.6)	(62.1)
	Equity attributable to shareholders of BBA Aviation plc	448.7	437.2
	Minority interest	(1.6)	0.8
	Total equity	447.1	438.0

Group cash flow statement

for the year ended 31 December 2009

		2009	2008
		£m	£m
Operations	Net cash flow from operating activities	178.8	126.4
Investing activities	Dividends received from associates	1.2	0.8
	Purchase of property, plant and equipment	(14.2)	(29.5)
	Purchase of intangible assets	(13.6)	(23.3)
	Proceeds from disposal of property, plant and equipment	0.7	1.1
	Acquisition of subsidiaries	-	(76.4)
	Proceeds from disposal of businesses	3.7	0.4
	Investment in associates	-	(0.2)
	Deferred consideration on prior year acquisitions	(2.0)	(4.0)
	Net cash outflow from investing activities	(24.2)	(131.1)
Financing activities	Interest received	17.5	30.6
	Interest paid	(41.3)	(49.6)
	Interest element of finance leases paid	(0.7)	(1.2)
	Dividends paid	(21.9)	(31.9)
	Proceeds from realised foreign exchange contracts	(1.0)	-
	Net realised gain on cash and asset management swaps	-	34.3
	Purchase of own shares	-	(3.5)
	(Decrease)/increase in loans	(78.6)	19.0
	Decrease in finance leases	(27.2)	(0.5)
	Increase/(decrease) in overdrafts	31.6	(84.2)
	Net cash outflow from financing activities	(121.6)	(87.0)
Cash and cash equivalents	Increase/(decrease) in cash and cash equivalents	33.0	(91.7)
	Cash and cash equivalents at beginning of year	98.4	99.2
	Exchange adjustments	(16.0)	90.9
	Cash and cash equivalents at end of year	115.4	98.4
Net debt	Net debt at beginning of year	(554.4)	(368.6)
	Decrease/(increase) in cash and cash equivalents	33.0	(91.7)
	Decrease/(increase) in loans	78.6	(19.0)
	Decrease in finance leases	27.2	0.5
	(Increase)/decrease in overdrafts	(31.6)	84.2
	Exchange adjustments	55.6	(159.8)
	Net debt at end of year	(391.6)	(554.4)

Group statement of comprehensive income

for the year ended 31 December 2009

	2009 £m	2008 £m
Profit for the period	45.5	62.9
Other comprehensive income:		
Exchange difference on translation of foreign operations	(121.4)	353.9
Gains/(losses) on net asset hedges	100.6	(283.5)
Fair value movements in foreign exchange cash flow hedges	6.9	(20.4)
Transfer to profit or loss from equity on foreign exchange cash flow hedges	5.6	5.5
Fair value movements in interest rate cash flow hedges	0.1	(14.9)
Transfer to profit or loss from equity on interest rate cash flow hedges	7.7	2.8
Actuarial losses on defined benefit pension schemes	(13.4)	(13.2)
Tax relating to components of other comprehensive income	(3.2)	6.4
Total comprehensive income for the period	28.4	99.5
Attributable to:		
Shareholders of BBA Aviation plc	30.8	99.4
Minority interests	(2.4)	0.1
	28.4	99.5

Group statement of changes in equity

for the year ended 31 December 2009

	Share capital £m	Share premium £m	Retained earnings £m	Other reserves £m	Minority interests £m	Total equity £m
Balance at 1 January 2008	122.7	346.4	(86.5)	(11.4)	0.7	371.9
<i>Total comprehensive income for the period</i>	-	-	56.0	43.4	0.1	99.5
Equity dividends	-	-	(31.6)	-	-	(31.6)
Movement on treasury reserves	-	-	-	(3.6)	-	(3.6)
Credit to equity for equity-settled share-based payments	-	-	-	1.8	-	1.8
Balance as at 31 December 2008	122.7	346.4	(62.1)	30.2	0.8	438.0
Balance at 1 January 2009	122.7	346.4	(62.1)	30.2	0.8	438.0
<i>Total comprehensive income for the period</i>	-	-	31.3	(0.5)	(2.4)	28.4
Equity dividend	-	-	(21.9)	-	-	(21.9)
Issue of share capital and scrip dividend	3.3	(3.0)	-	-	-	0.3
Movement on treasury reserve	-	-	-	(0.2)	-	(0.2)
Credit to equity for equity-settled share-based payments	-	-	-	2.5	-	2.5
Transfer to retained earnings	-	-	1.1	(1.1)	-	-
Balance at 31 December 2009	126.0	343.4	(51.6)	30.9	(1.6)	447.1

Notes to the financial statements

1. Segmental Information

Business Segments

	Flight Support £m	Aftermarket Services & Systems £m	Total £m	Unallocated corporate £m	Total £m
2009					
External revenue	643.8	437.0	1,080.8	-	1,080.8
Underlying operating profit	61.8	48.5	110.3	(9.8)	100.5
Exceptional items	(9.9)	(5.1)	(15.0)	(3.2)	(18.2)
Segment result	51.9	43.4	95.3	(13.0)	82.3
<i>Underlying operating margin</i>	9.6%	11.1%	10.2%	-	9.3%

Other information

Capital additions	11.0	16.7	27.7	0.1	27.8
Depreciation and amortisation	30.8	11.6	42.4	0.2	42.6

Balance sheet:

Total assets	785.5	455.1	1,240.6	134.9	1,375.5
Total liabilities	(120.4)	(87.6)	(208.0)	(720.4)	(928.4)
Net assets	665.1	367.5	1032.6	(585.5)	447.1

Business Segments

	Flight Support £m	Aftermarket Services & Systems £m	Total £m	Unallocated corporate £m	Total £m
2008					
External revenue	705.9	450.2	1,156.1	-	1,156.1
Underlying operating profit	64.8	55.5	120.3	(10.6)	109.7
Exceptional items	(1.4)	(3.2)	(4.6)	(0.4)	(5.0)
Segment result	63.4	52.3	115.7	(11.0)	104.7
<i>Underlying operating margin</i>	9.2%	12.3%	10.4%	-	9.5%

Other information

Capital additions	22.5	30.0	52.5	0.3	52.8
Depreciation and amortisation	24.6	11.0	35.6	0.1	35.7

Balance sheet:

Total assets	880.6	556.2	1,436.8	181.6	1,618.4
Total liabilities	(174.8)	(106.4)	(281.2)	(899.2)	(1,180.4)
Net assets	705.8	449.8	1,155.6	(717.6)	438.0

Notes to the financial statements (continued)

Geographical Segments

	Revenue by destination	Revenue by origin	Capital additions	Non current assets
2009	£m	£m	£m	£m
United Kingdom	125.1	191.5	4.0	104.6
Mainland Europe	81.3	29.0	0.2	31.5
North America	814.4	857.1	23.6	788.3
Rest of World	60.0	3.2	-	3.4
Total	1,080.8	1,080.8	27.8	927.8
2008				
United Kingdom	143.2	205.3	3.8	104.4
Mainland Europe	82.8	28.5	0.5	35.2
North America	868.2	918.7	48.4	920.6
Rest of World	61.9	3.6	0.1	7.0
Total	1,156.1	1,156.1	52.8	1,067.2

An analysis of the Group's revenue for the year is as follows:

	Revenue from sales of goods		Revenue from services	
	2009	2008	2009	2008
	£m	£m	£m	£m
Flight Support	343.1	404.3	300.7	301.6
Aftermarket Services and Systems	121.5	130.4	315.5	319.8
Total	464.6	534.7	616.2	621.4

2. Basis of preparation

The financial information for the year ended 31 December 2009 does not constitute statutory accounts as defined in sections 435 (1) and (2) of the Companies Act 2006. Statutory accounts for the year ended 31 December 2008 have been delivered to the Registrar of Companies and those for 2009 will be delivered following the Company's annual general meeting. The auditors have reported on these accounts; their reports were unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis of matter and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006 or equivalent preceding legislation. Those for 2009 will be delivered to the Registrar following the Company's annual general meeting on 29 April 2010.

Whilst the financial information included in this preliminary announcement has been computed in accordance with International Financial Reporting Standards (IFRSs) and in accordance with the Group's IFRS accounting policies, this announcement does not itself contain sufficient information to comply with IFRSs. The same accounting policies and methods of computation are followed in the audited results for the year ended 31 December 2009. The BBA Aviation accounting policies under IFRS are as reported in the annual financial statements for the year ended 31 December 2008, as published by the Company on 26 February 2009.

3. Net capital expenditure	2009	2008
	£m	£m
Net capital expenditure	18.0	29.8
Net capital expenditure to depreciation - times	0.5	0.9

Excludes £9.1million (2008: £21.9 million) of expenditure on Ontic licences, since these are considered to be more akin in nature to acquisitions.

4. Number of employees	2009	2008
At 31 December	9,540	10,557

Notes to the financial statements (continued)

5. Earnings per share

	2009	2008
	£m	£m
Earnings		
Basic:		
Basic earnings attributable to ordinary shareholders	47.9	62.8
Exceptional items	13.2	3.3
Adjusted earnings	61.1	66.1
Diluted:		
Diluted earnings attributable to ordinary shareholders	47.9	62.8
Exceptional items	13.2	3.3
Adjusted diluted earnings	61.1	66.1
	Millions	Millions
Weighted average number of 29 16/21p ordinary shares:		
Basic	418.4	411.1
Diluted	420.9	411.9

Earnings per share:

Basic:		
Adjusted	14.6p	16.1p
Unadjusted	11.4p	15.3p
Diluted:		
Adjusted	14.4p	16.0p
Unadjusted	11.3p	15.2p

Adjusted earnings per share is shown calculated as earnings before exceptional items because the directors consider that this gives a useful indication of underlying performance.

6. Taxation

	2009	2008
	£m	£m
Current tax	11.5	17.8
Adjustments in respect of prior years - current tax	0.7	(1.2)
Deferred tax	3.9	7.6
Adjustments in respect of prior years - deferred tax	(1.6)	(2.9)
Income tax expense for the year	14.5	21.3

Notes to the financial statements (continued)

	2009	2008
	£m	£m
7. Cash flow from operating activities		
Operating profit	82.3	104.7
Share of profit from associates	(1.1)	(1.0)
<hr/>		
Profit from operations	81.2	103.7
Depreciation of property, plant & equipment	35.2	30.9
Amortisation of intangible assets	7.4	4.8
Profit/(loss) on sale of property, plant & equipment	0.2	(0.1)
Share based payment expense	2.5	1.5
Decrease in provisions	(0.7)	(1.8)
Pension scheme payments	(2.7)	(4.0)
Other non-cash items	1.9	-
Unrealised foreign exchange movements	1.7	-
Non-cash impairments	5.4	4.2
Gain on disposal of businesses	0.4	-
<hr/>		
Operating cash flows before movements in working capital	132.5	139.2
Decrease in working capital	57.9	3.8
<hr/>		
Cash generated by operations	190.4	143.0
Income taxes paid	(11.6)	(16.6)
<hr/>		
Net cash flow from operating activities	178.8	126.4
<hr/>		
Dividends received from associates	1.2	0.8
Purchase of plant, property and equipment	(14.2)	(29.5)
Purchase of intangible assets [†]	(4.5)	(1.4)
Proceeds from disposal of property, plant and equipment	0.7	1.1
Interest received	17.5	30.6
Interest paid	(41.3)	(49.6)
Interest element of finance leases paid	(0.7)	(1.2)
<hr/>		
Free cash flow	137.5	77.2

† Purchase of intangible assets excludes £9.1 million (2008: £21.9 million) in relation to Ontic licences since the directors believe these payments are more akin to expenditure in relation to acquisitions, and are therefore outside of the Group's definition of free cash flow. These amounts are included within purchase of intangible assets on the face of the cash flow statement.

Notes to the financial statements (continued)

8. Exceptional items

Exceptional items included within operating profit amounted to a charge of £18.2 million (2008: £5.0 million). The main items included within this are:

- 2009: **Administrative expenses** of £3.8 million relating to amortisation of intangible assets acquired and valued in accordance with IFRS 3 and **restructuring costs** of £6.0 million relating to a number of restructuring initiatives, **other operating expenses** of £8.0 million which relating principally to an impairment of £5.5m of our investment in ASIG Thailand and costs of £2.3m relating to an onerous lease; and a **net loss on the disposal of businesses** of £0.4 million.

- 2008: **Administrative expenses** of £2.1 million relating to amortisation of intangible assets acquired and valued in accordance with IFRS 3; **restructuring costs** of £8.2 million relating to a number of restructuring initiatives; and, **other operating income** of £5.3 million relating to compensation from the US Department of Transport following the closure of Washington Reagan National airport 2001.

On the face of the income statement underlying profit is shown before exceptional items because the directors consider that this gives a useful indication of underlying performance.

9. Acquisitions and disposals

There were no acquisitions in 2009.

Two businesses were disposed of during the year. On 17 March 2009, a small propeller repair and overhaul facility based in Portsmouth, England was disposed of for a consideration of £0.4 million and incurred a loss on disposal of £1.5 million. On 21 August 2009 an FBO based in Indianapolis, Indiana was also disposed of for a consideration of £3.3 million and which made a profit on disposal of £1.1m.

10. Retirement Obligations

The retirement benefit obligation at 31 December 2009 for the UK Income and Protection Plan is estimated based on the results of latest actuarial valuation at 31 March 2007, with assumptions updated to reflect market conditions at 31 December 2009 where appropriate. The defined benefit plan assets have been updated to reflect their market value as at 31 December 2009

The Group's foreign pension schemes relate to a number of funded final salary defined benefit pension arrangements in North America. Pension costs have been calculated by independent qualified actuaries, using the projected unit method and assumptions appropriate to the arrangements in place.

As at 31 December 2009 the update of the actuarial valuation of the UK and US defined benefit schemes indicated a net deficit of £33.2 million. (2008: Net deficit of £23.3m). At 31 December 2008 the update of the actuarial valuation of the UK Income and Protection Plan indicated a net surplus of £5.1 million. In accordance with IAS 19, IFRIC 14 and the Group's accounting policies, the actuarial was restricted and no asset was recognised in the balance sheet.

11. Dividends

The directors propose that a final dividend of 5.30 pence per share will be paid to shareholders on 21 May 2010. This dividend is subject to approval by shareholders at the Annual General Meeting and in accordance with IAS 10 "Post Balance Sheet Events" has not been included as a liability in these financial statements. The proposed dividend is payable to all shareholders on the Register of Members on 5 March 2010. The total estimated dividend to be paid is £22.4 million

The Company operates a Scrip Dividend Scheme which provides shareholders with the opportunity to receive their dividends in the form of new ordinary shares in the Company instead of cash. Accompanying this report is a separate circular setting out the terms and conditions of the Scrip Dividend Scheme. Mandate forms containing elections to join the Scrip Dividend Scheme must be received by the Company's registrar no later than 22 April 2010 in order to be effective for the 2009 final dividend

Dividend payments to minority shareholders during the year totalled £0.1 million (2008: £0.3 million).