



# Interim Results

30th August 2007

# BBA Aviation plc Interims 2007

- Highlights Simon Pryce
- Financial Review Andrew Wood
- Market Overview & Divisional Performance Simon Pryce
- Summary Simon Pryce
- Q&A

# Group Highlights

- Another good set of results
- Organic sales growth of 10%
- Underlying operating profits of £53.2m up 6% and 16% on a constant currency basis
- Reported pre tax profits of £61.2m (2006: £35.7m)
- Adjusted EPS 7.7p (2006: 5.4p)
- Interim dividend 2.25p (Rebased 2006: 2.1p)

# Group Highlights

- Strong market conditions
- Continuing to deliver operational improvements
- Disposal of Oxford for £77m incl. retained cash  
- profit of £38m
- Acquisitions of Executive Beechcraft, CAP, Hilton Head  
and Kissimmee for £52m
- Anticipate good underlying progress for the year  
as a whole



# Financial Review

Andrew Wood

# Income Statement – As Reported

Continuing Operations	H1 2007 £m	H1 2006 £m	Change
Revenue	<b>486.7</b>	484.4	1%
Operating Profit*	<b>53.2</b>	50.4	6%
Margin % *	<b>10.9%</b>	10.4%	
EBITDA*	<b>68.1</b>	66.5	2%
EBITDA Margin *	<b>14.0%</b>	13.7%	
Net Interest	<b>(9.8)</b>	(12.0)	
Pre Tax**	<b>43.4</b>	38.4	13%
EPS*	<b>7.7p</b>	5.4p	43%
Interest Cover	<b>5.4</b>	4.2	

\* Pre restructuring costs and amortisation of acquired intangibles net of gain on disposal of businesses (continuing operations)

\*\* Operating profit from continuing operations less interest

# Income Statement – As Reported

	H1 2007 £m	H1 2006 £m
Pre Tax Profit*	43.4	38.4
Restructuring costs	(0.8)	(2.6)
Amortisation of acquired intangibles	(0.2)	(0.1)
Gain on disposal of businesses	18.8	-
(Loss) after tax from discontinued operations	-	(48.9)
Profit/(Loss) for the period	47.6	(24.6)
Tax rate	27.2%	31.8%

\* Pre restructuring costs and amortisation of acquired intangibles net of gain on disposal of businesses (continuing operations)

# Exchange Rates

	2007	2006	
	H1	H1	Year End
Average \$	1.98	1.78	1.84
Period End \$	2.01	1.85	1.96

- Average \$ rate H2 06 = \$1.90
- For every cent movement
  - Operating profit impacted by £0.5m
  - Interest by £0.15m
  - Pre-tax by £0.35m

# Income Statement – Adjusted

Continuing Operations	H1 2007 £m	*Adjusted H1 2006 £m	Change
Revenue	<b>486.7</b>	445.8	9%
Operating Profit	<b>53.2</b>	45.7	16%
Margin %	<b>10.9%</b>	10.4%	
EBITDA	<b>68.1</b>	60.5	13%
EBITDA Margin	<b>14.0%</b>	13.7%	
Net Interest	<b>(9.8)</b>	(7.0)	
Pre Tax	<b>43.4</b>	38.7	12%
EPS	<b>7.7p</b>	6.4p	20%
Dividend	<b>2.25p</b>	2.1p	7%
Interest Cover	<b>5.4</b>	6.5	

\* 2006 Adjusted for exchange rate movements and assuming Fiberweb demerged on 1.1.06 and share consolidation

# Flight Support

H1 2007			H1 2006 (at 2007 exchange rates)			H1 2006		
Sales £m	Op Profit £m	Margin %	Sales £m	Op Profit £m	Margin %	Sales £m	Op Profit £m	Margin %
281.9	36.0	12.8	259.7	30.9	11.9	284.5	33.9	11.9

- Organic revenue growth of 8%
- Underlying operating profit up 17% at constant exchange rates
- Margins up to 12.8%
- Divisional ROIC improved to 13.6% (2006: 13.0%)

# Aftermarket Services & Systems

H1 2007			H1 2006 (at 2007 exchange rates)			H1 2006		
Sales £m	Op Profit £m	Margin %	Sales £m	Op Profit £m	Margin %	Sales £m	Op Profit £m	Margin %
<b>204.8</b>	<b>21.9</b>	<b>10.7</b>	186.1	19.5	10.6	199.9	21.2	10.6

- Organic revenue growth of 12%
- Underlying operating profit up 12% at constant exchange rates
- Margins maintained at 10.7%
- Divisional ROIC improved to 9.0% (2006: 8.6%)

# Cash Flow / Debt

	H1 2007 £m	H1 2006 £m
Cash Generated by Operations (continuing)	52.5	54.9
Cash Generated by Operations (total)	30.0	66.2
Net Capital Expenditure (continuing)	19.6	22.5
Capital Expenditure to Depreciation	1.3x	1.4x
Free Cash Flow* (continuing)	13.0	9.0
Free Cash Flow * (total)	(9.5)	(9.4)
Acquisitions	3.2	48.2
Disposals	32.0	-

H1 2007 £m Yr end 06 £m

Debt	345.3	356.9
Net Debt to EBITDA	2.5x	2.7x

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

# Capital Expenditure (Gross)

	H1 2007 £m	H1 2006 £m
Signature	5	10
ASIG	3	3
Flight Support	8	13
ERO	4	4
CRO	2	-
APPH	2	3
Oxford	6	3
After Market Services & Systems	14	10
Group	22	23

# BBA Aviation

## Market Overview & Business Performance



Simon Pryce

# B+GA Market Background

- Business Aviation has proved resilient
- Global B&GA fleet set for further expansion
- +3 year order backlog at most major airframe OEMs
- Pre-owned inventories at historical lows
- Continued fractional growth
- VLJs expected to open new markets
- Ever improving engine and materials technology (fuel efficiency/ERO)
- Overall through cycle growth of 4% to 6%



# Commercial Market Background

- Airlines returning to profitability
- Increasing outsourcing opportunities
- Improving pricing environment
- Passenger air miles and movements continue to grow
- Changing composition of fleet and mission
- Market growth through cycle of 3%

# Signature



- Fuel volumes up 11% for the first six months of the year
- Fractional up >20%, Non-Fractional 2%
- Network benefits being realised
- European agreement with NetJets secured
- San Francisco lease retained for a further 10 years
- Continuing to invest in new facilities
- Acquisitions strengthening network

# ASIG



- Strong deicing season at start of year
- New business wins offsetting exit from uneconomic contracts/locations
- Productivity improvements being achieved
- Carrier financials improving – some improvement to pricing environment

# Engine Repair & Overhaul

- Organic growth of 12%
- Demand increased across a number of engine programmes
- Competitive market
- Continued improvements in productivity and profitability
- Expanded field service capability
- JT15D authorised in Europe
- Strong order book



# Component Repair & Overhaul

## Ontic

- Good first half performance
- Significant new licence opportunities
- Expansion into related areas (e.g. Electronics)
- Increasing demand from OEMs to outsource legacy product support

## Parts Distribution

- Reduction in demand for reconditioned engines
- Markets more competitive

## Component Repair

- Authorised repair status achieved
- Performing above expectations



# APPH



- Strong first half
- Integration of CAP will be completed on schedule in September
- Operational improvements and facility rationalisation
- C27J programme award
- Strong order book



# First Impressions

- Focused aviation company post demerger
- Historical strong performance
- Market leading businesses
- Strategy working and delivering results
- Fragmented markets with more opportunities for consolidation
- Experienced and motivated management team
- Exciting prospects

# Conclusions

- Good set of results continuing historical trend
- Strong like for like performance driven by organic growth
- Generally buoyant market conditions
- Continuing to deliver operational improvements
- Excellent value realised for Oxford assets
- Reinvesting proceeds in core business areas
- Anticipate good underlying progress for the year as a whole



# Interim Results

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