



Interim Results

5 August 2010

Agenda

Highlights

Simon Pryce

Financial Performance

Mark Hoad

Business & Market Overview

Simon Pryce

Looking Forward

Simon Pryce

Q & A

A strong H1 2010

- Major markets returned to growth
- Continued market outperformance
- Early-cycle Flight Support already benefiting
- Later-cycle Aftermarket improvement anticipated in H2
- Further operational improvements and effective cost management
- Strong cash generation
- Dividend increase



Financial Performance

Mark Hoad

Financial highlights

- Operating profits of £53.6m increased 6% (2009: £50.6m)
- Organic revenue growth of 3%
- Strong drop-through from revenue growth in Flight Support
- Adjusted earnings per share of 8.4p up 17%
- Free cash flow of £35.2m (2009: £65.8m), cash conversion of 92%
- Further underlying improvement in net debt and leverage

Income statement

£m	H1 2010	H1 2009 as reported	Change	Change (constant Fx)
Revenue	587.4	550.2	7%	8%
Revenue (fuel adjusted [^])	557.5		1%	3%
Operating Profit*	53.6	50.6	6%	8%
Margin %*	9.1%	9.2%		
Margin %* (fuel adjusted [^])	9.6%			
Net Interest	(8.5)	(12.2)	30%	28%
Profit Before Tax*	45.1	38.4	17%	19%
EPS*	8.4p	7.2p	17%	19%
Dividend	2.4p	2.3p	4%	
Return on Invested Capital [†]	8.8%	8.4%		

* Pre exceptional items

† H1 2010 12-month constant currency average, 2009 Full Year

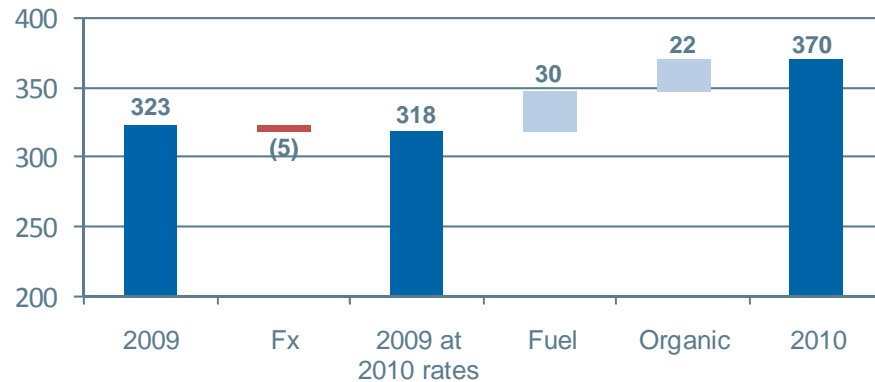
[^] Constant fuel price

Exceptional items

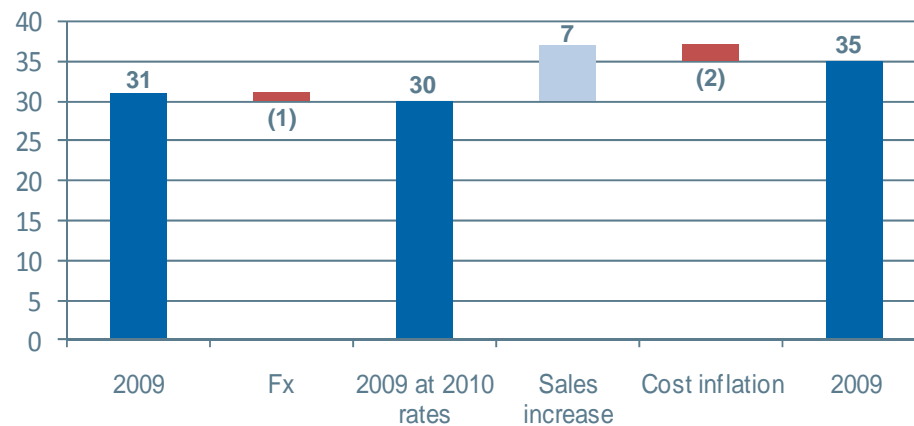
- Restructuring costs £4.1m (2009: £3.7m)
 - Primarily relates to closure of APPH's Bolton landing gear facility and compression of ERO's Neosho overhaul facility
 - Prior year costs related to headcount reductions
- Amortisation of acquired intangibles £1.8m (2009: £1.8m)
 - No change from prior year
- Other prior year charges
 - £5.6m impairment of ASIG Thailand
 - £1.5m loss on disposal of business

Flight Support

Revenue bridge (£m)



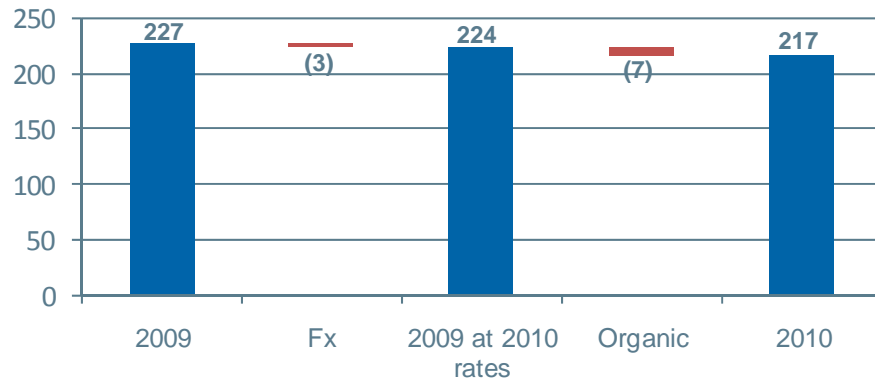
Operating profit bridge (£m)



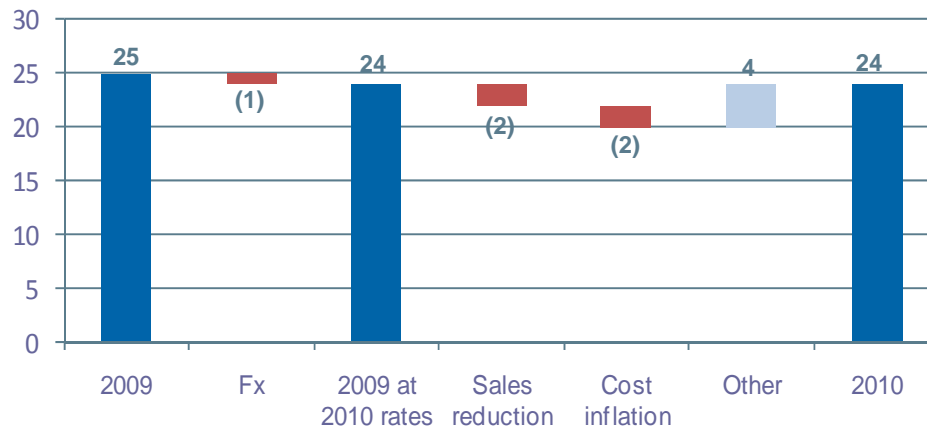
- Organic revenue increase of 6%
 - Signature 8%, ASIG 2%
- Underlying operating profit up 15% at constant exchange rates
- Margin of 9.5%, but 10.3% at constant fuel prices (2009: 9.6%)
- Cash conversion 103% (2009: 108%)
- Divisional ROIC 8.9% (FY 2009: 7.9%)

Aftermarket Services & Systems

Revenue bridge (£m)



Operating profit bridge (£m)



- Organic revenue decline of 3%
- Underlying operating profit down 2% at constant exchange rates
- Non-recurrence of engine sale gains offset by pension curtailment
- Operating margins of 11.0% (2009: 10.8%)
- Cash conversion 95% (2009: 207%)
- Divisional ROIC 9.0% (FY 2009: 8.9%)

Cash flow / debt

£m	H1 2010	H1 2009
Underlying EBITDA	73.0	70.5
Working capital movement	(8.7)	30.8
Net capital expenditure	(13.7)	(8.8)
Net interest and tax paid	(10.0)	(20.3)
Exceptional items	(4.2)	(3.2)
All other movements	(1.2)	(3.2)
Free Cash Flow	35.2	65.8
Dividends	(11.6)	(15.8)
Acquisitions and disposals (incl. licences)	(3.6)	(0.3)
Other	(4.6)	(3.6)
Net Cash Flow	15.4	46.1
	H1 2010	Yr End 2009
Net Debt	406.6	391.6
Net Debt to EBITDA (covenant calculation)	2.8x	2.8x

Capital expenditure

	H1 2010 £m	H1 2009 £m
Signature	2	2
ASIG	3	2
Flight Support	5	4
ERO	9	4
Legacy Support	-	-
APPH	-	1
Aftermarket Services and Systems	9	5
Group	14	9
Multiple of depreciation	0.7x	0.5x

Other financial matters

- **Financing**

- \$900m facility maturing Sep 2012, \$175m maturing Aug 2011
- Undrawn facilities totalled \$364m at 30 June 2010
- Continuing to consider options for sources of debt funding

- **Cross currency swaps**

- Mark-to-market loss of £63m at 30 June, £49m currently
- Continued active management of swap position

- **Pensions**

- Change to CARE basis effective 1 March giving rise to £3m curtailment gain
- On-going employer cash contributions reduced by c. £1m per annum from July
- 2009 valuation completed showing £17m deficit
- Deficit contribution payments of £4-5m p.a. commence in 2011

- **Tax**

- Maintenance of low tax rate at 21.3%



Market & Business Overview

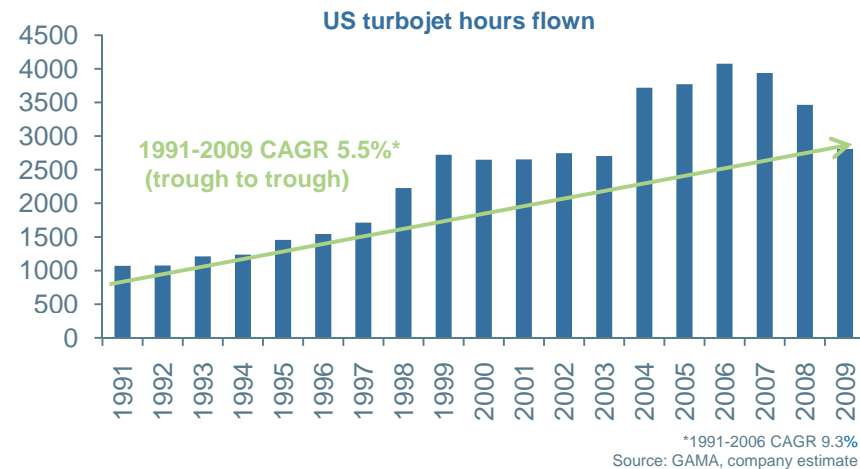
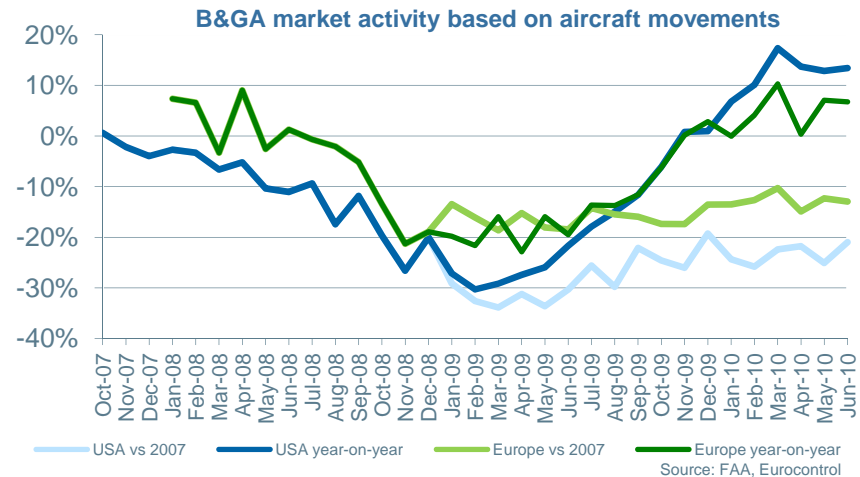
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Key markets

- **B&GA (63% Group revenue)**
 - Month 8 of growth
 - Flying hours still 21% below peak
 - B&GA through-cycle growth of 4-6%

- **Commercial (30% Group revenue)**
 - Flight activity decreased 1% in H1
 - Passenger yields expected to translate in to increased movements in H2

- **Military (7% Group revenue)**
 - Any cuts in military spending expected to increase life of legacy platforms



Flight Support

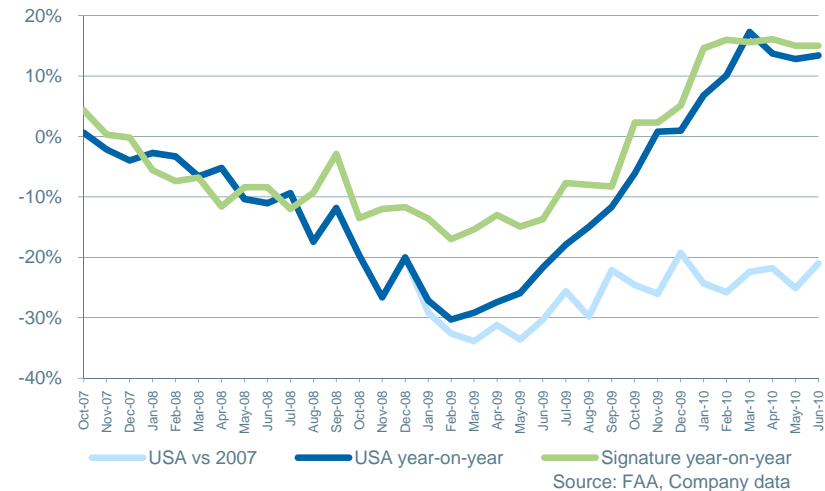
- Signature

- Continued market outperformance
- Operational improvements delivering results
- Realising benefits of network
- New customer loyalty and service initiatives

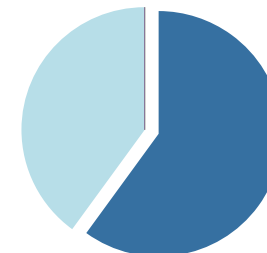
- ASIG

- Market outperformance
- Starting to benefit from increased activity
- Maintained operational discipline
- New contract wins / network and service extensions

Signature flight activity



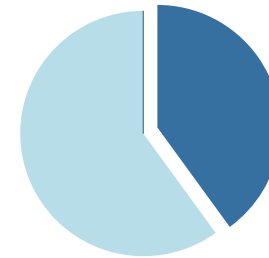
Flight Support
60% Group EBIT



Aftermarket Services & Systems

- **ERO**
 - Positive performance, markets improving
 - Strong order backlog
 - Improved operational efficiency
 - Ongoing cost and asset management
- **Legacy**
 - Market marginally weaker than anticipated
 - APU and landing gear ramp up expected in H2
 - Operational issues being addressed
- **APPH**
 - Performance as anticipated in challenging market
 - MRO activity picking up, improved order book
 - Footprint rationalisation and continuing cost control

Aftermarket
40% Group EBIT





Looking Forward

Simon Pryce

2010 outlook

- Despite economic uncertainty, positive market outlook
- Continuing operational focus
- Flight Support already benefiting
- Later-cycle Aftermarket seeing signs of recovery
- Good further progress expected in H2 2010

Summary

- Attractive growth drivers
 - B&GA flying hours still 21% below peak
 - 4-6% structural growth
 - Consolidation opportunities in fragmented markets
- Market leading businesses well positioned
- Operational improvements support enhanced prospects
- Progressive dividend

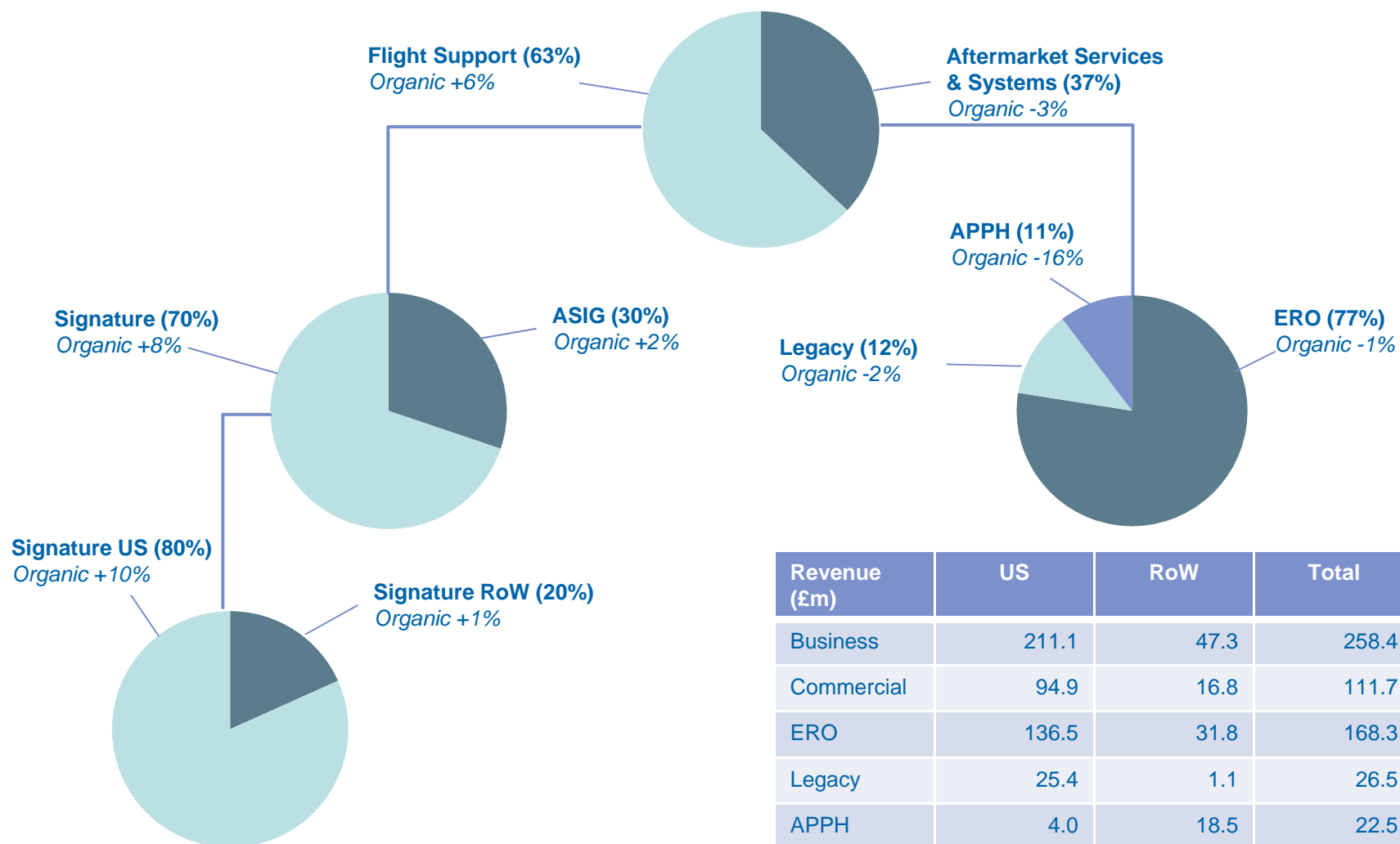


Q&A



Appendices

Revenue split and organic growth



Revenue (£m)	US	RoW	Total
Business	211.1	47.3	258.4
Commercial	94.9	16.8	111.7
ERO	136.5	31.8	168.3
Legacy	25.4	1.1	26.5
APPH	4.0	18.5	22.5
	471.9	115.5	587.4

Exchange rates

	H1 2010		FY 2009		H1 2009	
	\$	€	\$	€	\$	€
Average	1.53	1.15	1.56	1.12	1.50	1.12
Period end	1.50	1.22	1.61	1.13	1.65	1.17

For every 1 cent movement

- Full year operating profit impacted by £0.5m
- Interest by £0.1m
- Profit before tax by £0.4m
- Net debt by £3.0m

Disclaimer

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