



# BBA Aviation

August 2011

BBA Aviation

# A focused aviation services & aftermarket business...



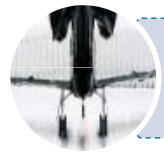
Flight Support (**Signature and ASIG**) focused on refuelling and ground handling of business and commercial aviation aircraft



Aftermarket Services & Systems (**Engine Repair & Overhaul, Legacy Support and APPH**) focused on the repair and overhaul of jet engines and the design, manufacture and service of aerospace sub-systems and components



Two thirds of revenues derived from business and general aviation



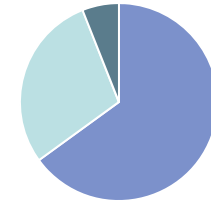
>75% of revenues generated in North America



BBA Aviation is the only listed exposure to business and general aviation services

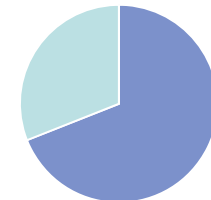
## BBA Aviation plc

Business Aviation	65%
Commerical Aviation	29%
Military	6%



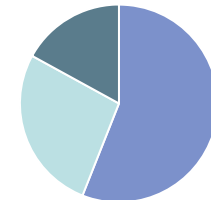
## Flight Support

Business Aviation	69%
Commerical Aviation	31%



## Aftermarket Services & Systems

Business Aviation	56%
Commerical Aviation	27%
Military	17%



...service based with cyclical balance

# Focused on sustainable and long-term value creation

<b>High quality businesses</b>	<ul style="list-style-type: none"><li>▪ Market leading</li><li>▪ Good barriers to entry</li><li>▪ Low operational gearing</li></ul>
<b>Attractive growth opportunities</b>	<ul style="list-style-type: none"><li>▪ Significant organic growth</li><li>▪ Value creative consolidation opportunities</li></ul>
<b>Robust performance</b>	<ul style="list-style-type: none"><li>▪ Experienced, motivated management</li><li>▪ Strong financial performance</li><li>▪ Actively managing for value creation</li></ul>

# Market leading businesses...

## Flight Support



### Signature Flight Support

~45% Group EBIT

Largest FBO network with over 100 locations globally

2010 revenue: £514m

- Largest international network
- Brand strength
- Consistent service standards, safety record
- Unique network locations on long leases (17-year residual)



### ASIG

~15% Group EBIT

Leading independent service provider to the commercial aviation industry

2010 revenue: £227m

- Network position
- Brand strength
- Breadth of service
- Location specific critical mass
- Industry leading training and safety standards

## Aftermarket Services & Systems



### Engine Repair & Overhaul

~25% Group EBIT

Leading independent authorised engine repair service provider to B&GA

2010 revenue: £336m

- Portfolio authorisations
- Brand strength
- Excellence in service and product support
- Broad technical expertise



### Legacy Support

~10% Group EBIT

Leading global provider of legacy parts and repair and overhaul services

2010 revenue: £62m

- Business model
- Technical strength
- Product focus and portfolio
- IPR



### APPH Group

~5% Group EBIT

Niche and full service landing gear and hydraulic sub-systems supplier

2010 revenue: £44m

- IPR
- Core OE relationships
- Product life spans of 40+ years
- Integrated logistics support

...with good barriers to entry

# Focused on sustainable and long-term value creation

## High quality businesses

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

## Attractive growth opportunities

- Significant organic growth
- Value creative consolidation opportunities

## Robust performance

- Experienced, motivated management
- Strong financial performance
- Actively managing for value creation

# Strong growth drivers...

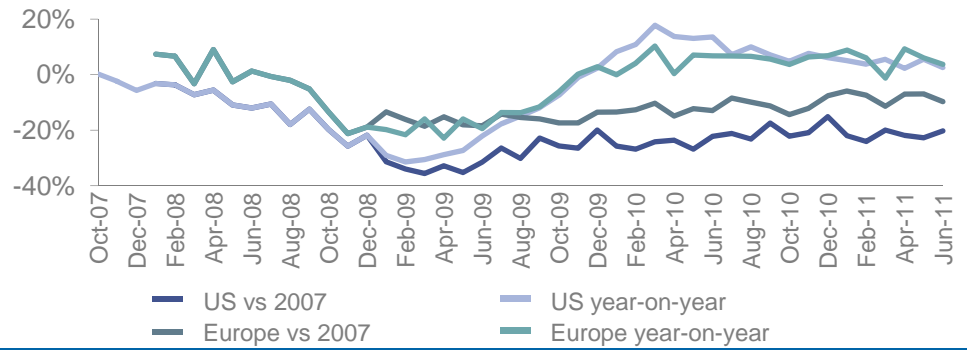


**...across all divisions**

# Significant organic growth...

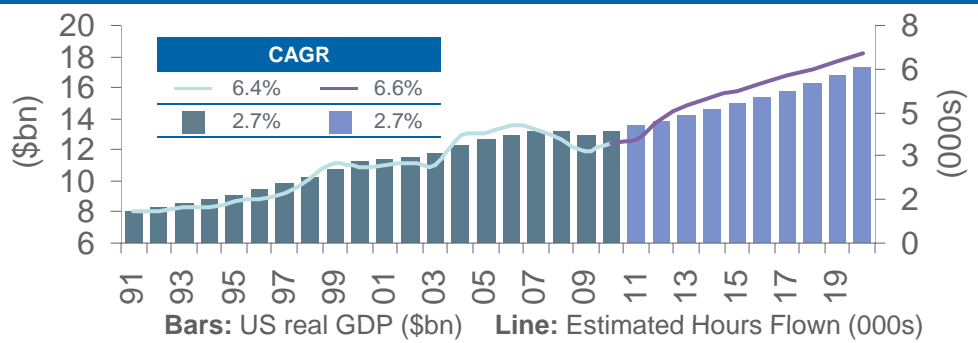
- **B&GA flight activity is cyclical**
  - Correlated to GDP
  - Peak to trough 2007-09 cycle of over 30% , slow steady recovery commenced
  - US B&GA flight hours still c.20% below the peak
  
- **19 months of growth in B&GA flight hours**
  - Utilisation improving
  - Late model used inventory trending lower
  - Services recover quicker than OE and R&O

## B&GA market activity based on aircraft movements



Source: FAA Aerospace Forecasts (Turbo Jet data)

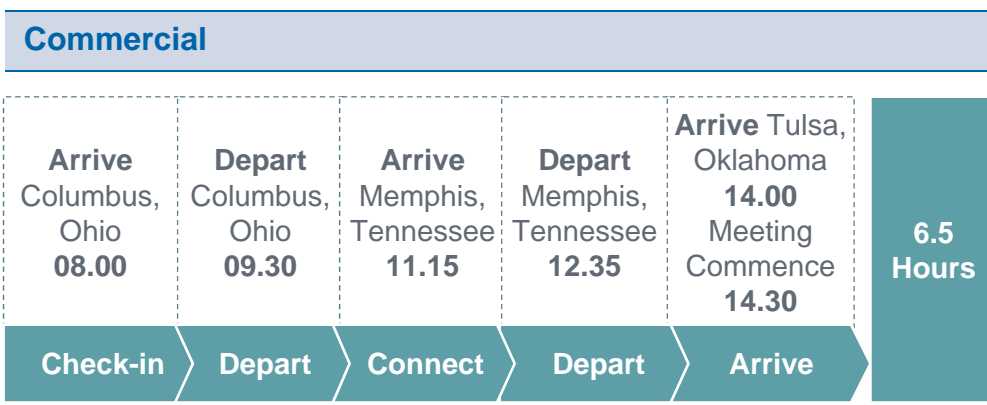
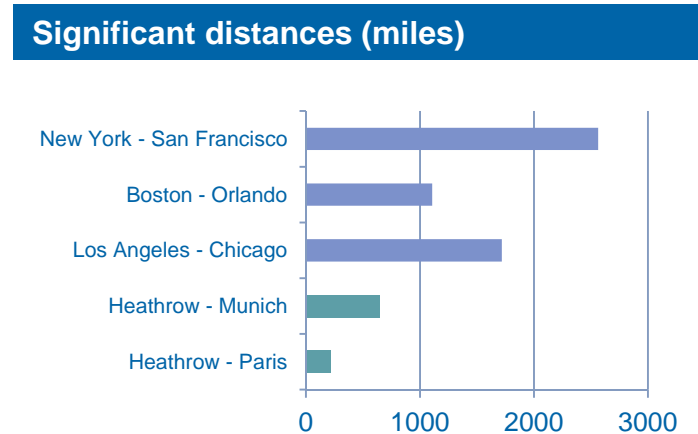
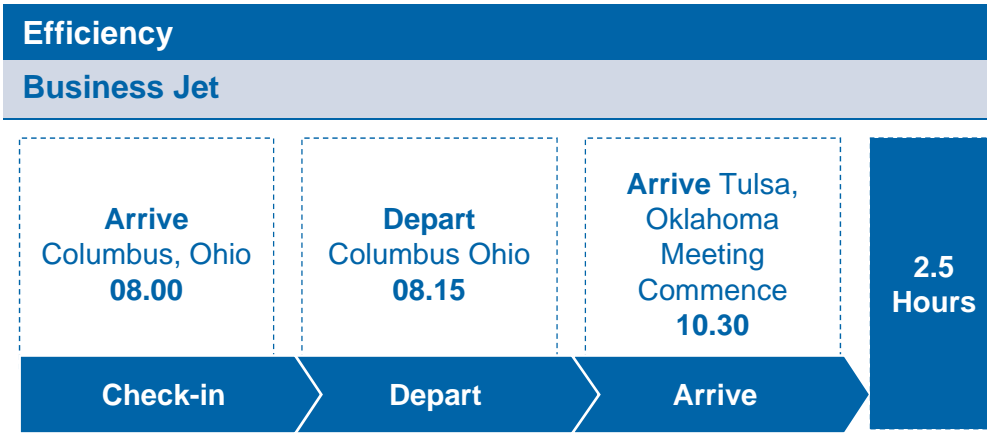
## US GDP vs US turbojet hours flown through-cycle<sup>1</sup>(000s)



Source: General Aviation Manufacturers Association (Turbo Jet data)  
 FAA Aerospace Forecasts (Turbo Jet data)  
 Bureau of Economic Analysis (Gross domestic product (GDP) at chained 2005 market prices)

## ...over the long-term

# Inherent structural growth...



### Affordable

	Commercial first class round-trip fare per passenger	B&GA charter round-trip fare per passenger (based on 7 passengers sharing)
Boston – London	\$18,577	\$14,357
New York-Paris	\$15,675	\$14,357
New York – Los Angeles	\$5,302	\$6,300
Boston – Dallas	\$2,160	\$2,429

...B&GA a key efficiency and productivity tool

# Recovery and/or structural growth in our other markets...

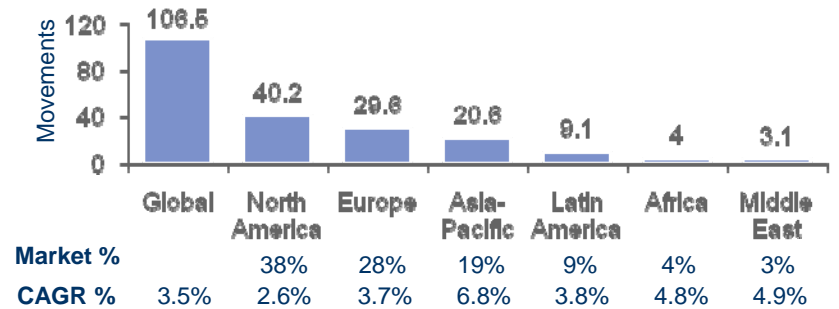
## Commercial Aviation

- Commercial aircraft movements closely correlated to GDP
- Global commercial aviation market is forecast to grow by over 40% by 2018 (3.5% CAGR)
- Emerging markets already sizeable, growing rapidly

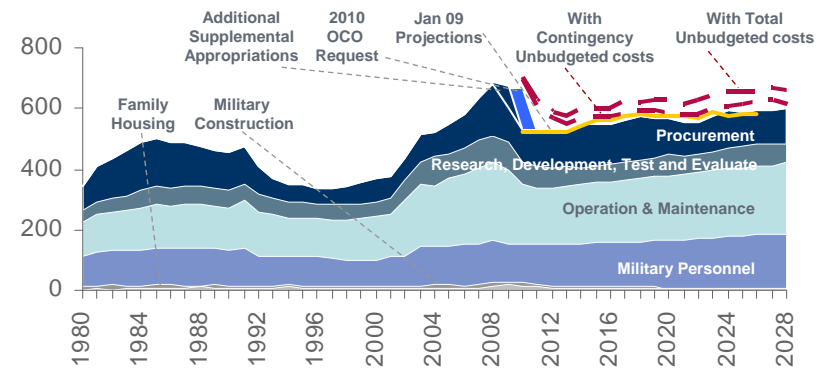
## Legacy/ Military

- 45,000 (est.) legacy planes and continued expansion in all sectors (military, commercial and B&GA)
- 17% B&GA fleet leaves warranty over next 5 years
- 3-4% CAGR in air transport MRO
- US defence budget cuts

## Forecast 2018 global commercial market size<sup>1</sup>



## Forecast US defence spend (\$bn)<sup>2</sup>



...with attractive growth profiles

(1) Source: ACI Global Traffic Forecast 2008-2027 Edition 2009  
 (2) Source: CBO Testimony on FY2010-2028 Spending

# Value creative consolidation opportunities...

## Consolidation opportunities being realised

- **Flight Support**
  - Further extension of FBO network
  - FBO market remains fragmented
  - Commercial service bolt on opportunities, outsourcing potential
  
- **Aftermarket**
  - Service and authorisation expansion
  - Fragmented and poorly served legacy market
  - Acquisition of strategically core legacy business

FBO Chain	Total locations	North America	RoW	Top 50 US Metro areas	Quality sole source*
<b>Signature</b>	<b>107</b>	<b>64</b>	<b>43</b>	<b>29</b>	<b>12</b>
Atlantic	60	60	0	24	6
Landmark	44	42	2	19	5
Million Air	30	30	0	10	0
Jet Aviation	13	5	8	5	0
TAC AIR	12	12	0	3	0
Sheltair	13	13	0	6	1
Ross Aviation	14	14	0	3	1
Cutter Aviation	7	7	0	3	0
Galaxy	6	6	0	3	0

\* USA: Located in a top 50 MSA area or in a top 50 GA airport with >1m fuel gallons pumped  
 International: airports with significant operations

...subject to maintained value discipline

# Focused on sustainable and long-term value creation

<b>High quality businesses</b>	<ul style="list-style-type: none"><li>▪ Market leading</li><li>▪ Good barriers to entry</li><li>▪ Low operational gearing</li></ul>
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<b>Robust performance</b>	<ul style="list-style-type: none"><li>▪ Experienced, motivated management</li><li>▪ Strong financial performance</li><li>▪ Actively managing for value creation</li></ul>

# Experienced, motivated management...

**Simon Pryce: Chief Executive Officer** Appointed June 2007



- GKN plc, latterly Chief Executive of GKN's \$1.6bn global automotive based Diversified Businesses Group)
- Qualified Chartered Accountant

**Mark Hoad: Group Finance Director** Appointed April 2010



- Joined BBA Aviation as Group Financial Controller in May 2005. Previously various finance roles at RMC Group plc
- Qualified Chartered Accountant

## Flight Support

### Signature



**President:**

Michael Scheeringa

**Appointed:** 2009

**Background:**

- 23+ years industry experience
- CEO, Flight Options
- US Airways

### ASIG



**President:**

Keith Ryan

**Appointed:** 2001

**Background:**

- 25+ years industry experience.
- VP Operations at Signature

## Aftermarket Services & Systems

### ERO



**President:**

Hugh McElroy

**Appointed:** 2005

**Background:**

- 34+ years industry experience
- President, Airwork Corp

### Legacy



**President:**

Peg Billson

**Appointed:** 2009

**Background:**

- 25+ years industry experience
- COO, Eclipse Aviation
- Honeywell

### APPH



**President:**

Mike Askew

**Appointed:** 2010

**Background:**

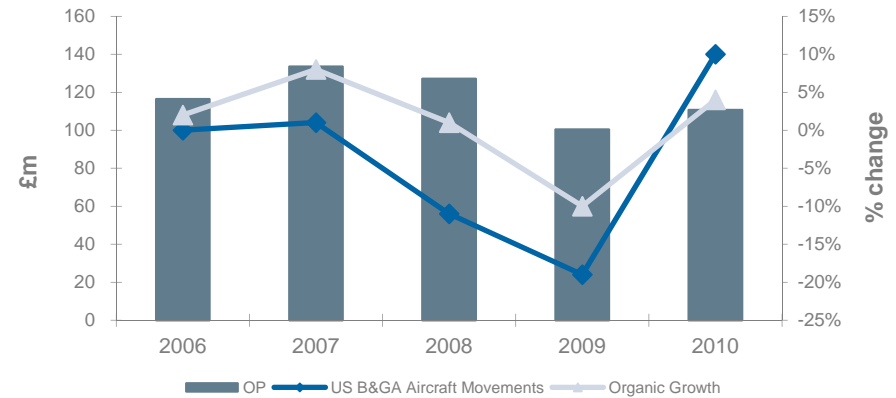
- 23+ years industry experience
- Divisional MD, Doncasters plc
- Westland Group

...incentives aligned to shareholders' interests

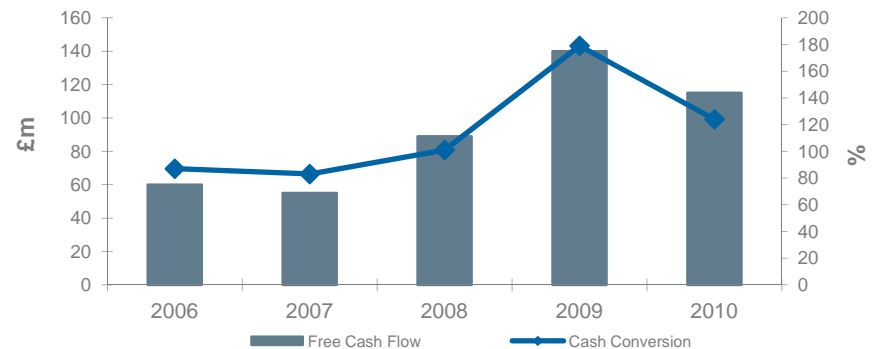
# Strong financial characteristics...

- Market outperformance through the downturn
- Flexible cost base
  - c. 25% fixed
  - c. 75% variable
- Strong cash generation
  - 75 - 105% cash conversion
- New debt facilities
  - \$750m bank facility (3/5 years)
  - \$300m US PP (7/10/12 years)
- Balance sheet flexibility to execute bolt-on acquisitions
  - 1.75x - 2.25x leverage target
- Progressive dividend
  - Building cover to 2.5x over time
- Pre-tax through cycle ROIC >12%

Operating Profit vs Aircraft Movements and Organic Growth (at constant exchange rates)



Free Cash Flow and Cash Conversion



...reflecting the inherent strengths of BBA Aviation

# Actively managing for value creation...

- Driving sustainable value through a common focus on:
  - Customers
  - Innovation, continuous improvement and leadership
  - Cross business co-operation
  - People and safety
  - Behaviours
- Defined actions to deliver against specific short and long terms goals
  - Market leadership and outperformance
  - Service quality, customer satisfaction and innovation
  - Realising identified cross business opportunities
  - Employee development, health and safety and sustainability performance
- Maintained focus on improved capital efficiency and cash generation
- Investment discipline tied to generating risk adjusted returns exceeding cost of capital

...and measured accordingly

# What you can expect from BBA Aviation...

## Strategic consistency

- Maintained aviation services and aftermarket focus

## Organic growth

- Continued steady market improvement
- Structural growth
- Enhanced service offering
- New authorisations, licences and outsourcing opportunities

## Strong underlying performance

- Continued operational improvement
- Cross-business synergies

## Consolidation opportunities

- Fragmented markets
- Expanding product/technical expertise

## Superior long-term returns

- Sustained through-cycle growth well in excess of GDP
- Pre-tax through-cycle return on invested capital >12%
- Progressive dividend policy

...a unique business with an exciting future

# Disclaimer

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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.