BBA Aviation

Investor Seminar
11 November 2010

Agenda

Time	Topic	Speaker
09.30	Introduction	**Simon Pryce** – BBA Aviation, CEO
10.00	Flight Support	**Michael Scheeringa** – President, Signature **Keith Ryan** – President, ASIG
10.45	Break	
11.00	Aftermarket Services & Systems	**Hugh McElroy** – President, ERO **Peg Billson** – President, Legacy Support **Mike Askew** – Managing Director, APPH
12.00	Financial dynamics	**Mark Hoad** – BBA Aviation, FD
12.15	Conclusions & Q&A	
13.00	Lunch	

BBA Aviation today…

A focused aviation services and aftermarket business

- Service based with cyclical balance
- Market leading businesses, good barriers to entry

Actively managed

- Defined, common, group-wide focus
- Empowered, experienced, motivated management
- Driving for value creation

Delivering a strong relative performance

Significant growth opportunities

- Cyclical recovery
- Structural growth
- Consolidation

…a unique business with an exciting future

Service based with balance…

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

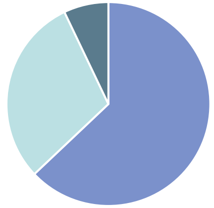
Two thirds of revenues derived from business and general aviation

>70% of revenues generated in North America

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

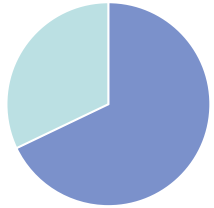
BBA Aviation plc

Business Aviation	63%
Commerical Aviation	30%
Military	7%



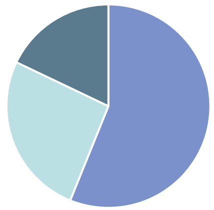
Flight Support

Business Aviation	63%
Commerical Aviation	32%



Aftermarket Services & Systems

Business Aviation	56%
Commerical Aviation	26%
Military	18%



…and limited exposure to more volatile B&GA OE markets

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Market leading businesses…

Flight Support

Signature Flight Support

~45% Group EBIT

Largest FBO network with over 100 locations globally

2009 revenue: £435m

- Only international network
- Brand strength
- Consistent service standards, safety record
- Unique network locations on long leases (16-year residual)

ASIG

~10% Group EBIT

Leading independent service provider to the commercial aviation industry

2009 revenue: £209m

- 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

2009 revenue: £334m

- 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

2009 revenue: £53m

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

APPH Group

~10% Group EBIT

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

2009 revenue: £50m

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

…with good barriers to entry

BBA Aviation

A defined, common, group-wide focus…

To grow exceptional, long-term, sustainable value for all our stakeholders

Exceeding customer expectations and competitor offerings	Continuously improving, market leading and innovative businesses	Working together for the greater gain	Being an employer of choice in a safe and sustainable environment	Always behaving with integrity and respect
				

…with clear, cascaded short and long-term goals

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Empowered, 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

Legacy

President:

Mike Askew

Appointed: 2010

Background:

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

…focused on execution

BBA Aviation

Driving for value creation…

- **Rigorous drive for continuous operational improvement**
- Defined actions to deliver against specific short and long term 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

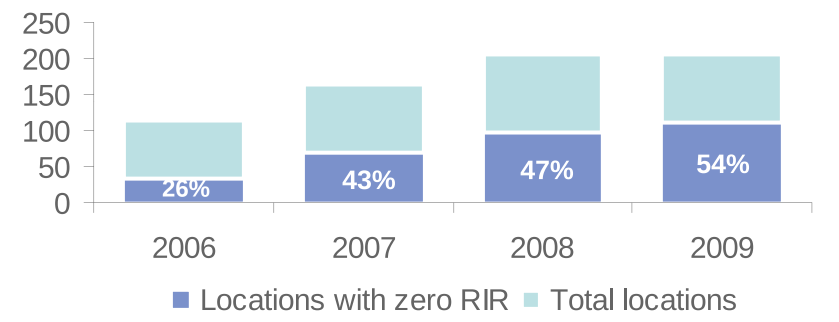
…and measured accordingly

Delivering strong relative performance…

- ✓ Market outperformance through the downturn
- ✓ Significant, pre-emptive cost reductions
- ✓ Accelerated de-leveraging
- ✓ Sound balance sheet suited to business characteristics
- ✓ Dividend maintained
- ✓ Positive strategic developments and trends in non-financial measures

Health & safety focus…

…driving continuous improvement

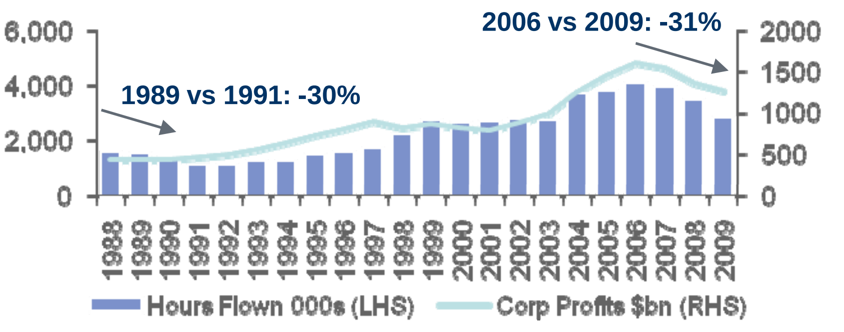


…across a broad range of key performance indicators

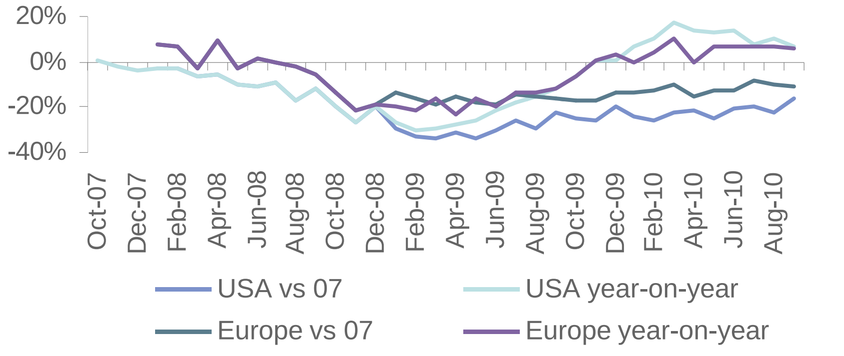
Experiencing cyclical recovery…

- **B&GA flight activity is cyclical**
  - Correlated to GDP
  - Peak to trough 1989-91 cycle of 30% recovered to prior peak within 5 years
  - 2001-03 cycle masked by external factors
  - Peak to trough 2007-09 cycle of over 30% , slow steady recovery commenced
- **Growth in B&GA flight hours is up 11% YTD but still 17% below peak**
  - Utilisation improving
  - Late model used inventory trending lower
  - Services recover quicker than OE and R&O

US turbojet hours flown through-cycle vs corporate profits[1]



B&GA market activity based on aircraft movements



…with slow improvement in lead indicators

(1) Source : GAMA, company estimate, BEA

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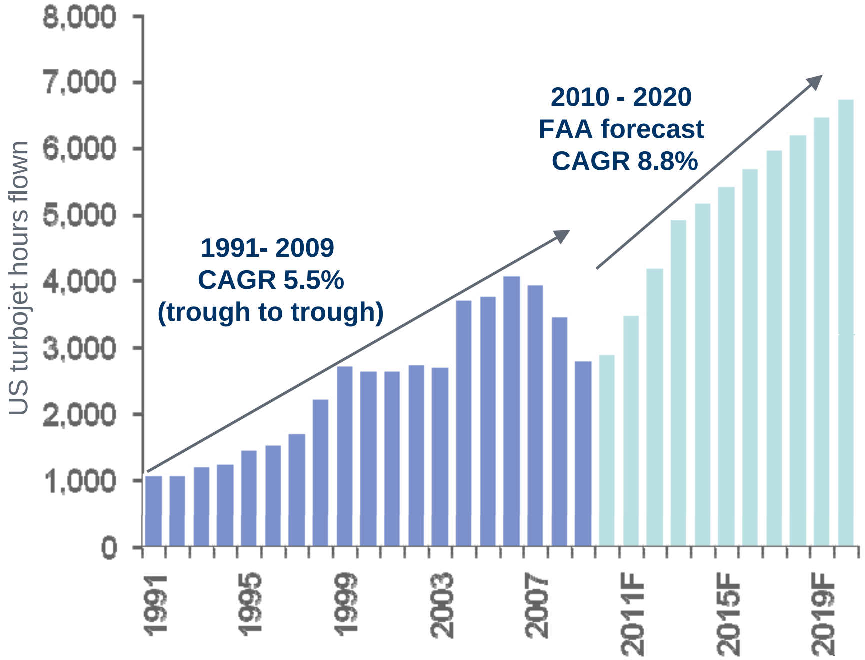
Structural growth…

- **B&GA flight activity set to continue GDP+ through cycle growth**
  - Geographical distances
  - Limited efficient intermodal alternatives
  - Money value of time
  - Increasing cost competitiveness
- **Increasing fleet size and new product categories more than offset increased fuel efficiency**
  - OEM's reporting cycle recovery 2012/13, ca10,000 new jets to 2020, 60% in North America
  - External forecasters predicting buoyant recovery
  - 4-6% per annum through cycle seems reasonable

Growing business aviation market



Source : GAMA and FAA forecast
*1991-2006 CAGR 9.3%

…set to continue

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Cyclical recovery and/or structural growth …

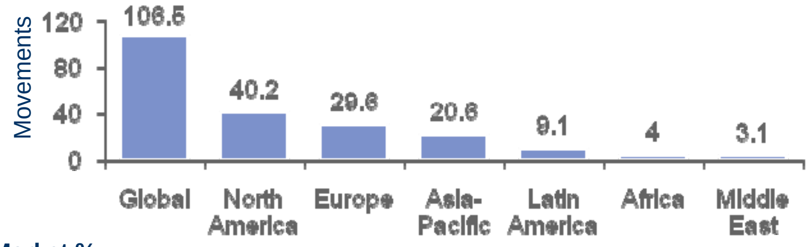
Commercial Aviation

- 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

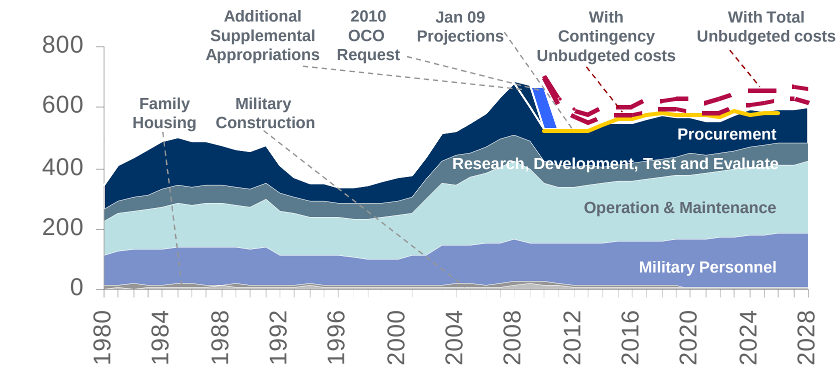
- 45,000 (est.) legacy planes and continued expansion in all sectors (military, commercial and B&GA)
- 17% B&GA fleet leaves warranty over next 5 years
- 3-4% CAGR in air transport MRO
- Flat US defence spend (at best?)

Forecast 2018 global commercial market size[1]



	Global	North America	Europe	Asia-Pacific	Latin America	Africa	Middle East
Market %		38%	28%	19%	9%	4%	3%
CAGR %	3.5%	2.6%	3.7%	6.8%	3.8%	4.8%	4.9%

Forecast US defence spend ($bn)[2]



…in our other markets

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

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Consolidation…

Services

- B&GA – FBO market remains highly fragmented
  - Larger B&GA FBO operators highly leveraged, ownership change likely over time
- Commercial services still fragmented, majority of carriers still self handle

Aftermarket

- Engine repair – competition highly leveraged, some sub-scale
- Legacy model applies to legacy OE and tier 1 product, and small, mature technology legacy tier 2 providers

…subject to maintained value discipline

BBA Aviation…

- A focused aviation services and aftermarket business
- Actively managed
- Delivering a strong relative performance
- Significant growth opportunities

…a unique business with an exciting future

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.

Signature Flight Support

Michael Scheeringa

11 November 2010

BBA Aviation

The world's leading FBO network…

Size and scale

- The only international network - 106 locations worldwide
- 160m gallons of aviation fuel sold p.a.
- 1m aircraft movements p.a.
- Fragmented market with significant expansion potential

Expertise and barriers to entry

- **Brand strength**
  - Market leading, consistent service standards, safety record
- **Unique network quality**
  - 47 of top 50 US Metro locations, top 10 B&GA locations, long leases (16 year residual)

Strong customer relationships

- 10% of the world's business jets in Signature hangars
- Contracts with all fractionals and major point to point flyers

…with a unique network proposition

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Business dynamics

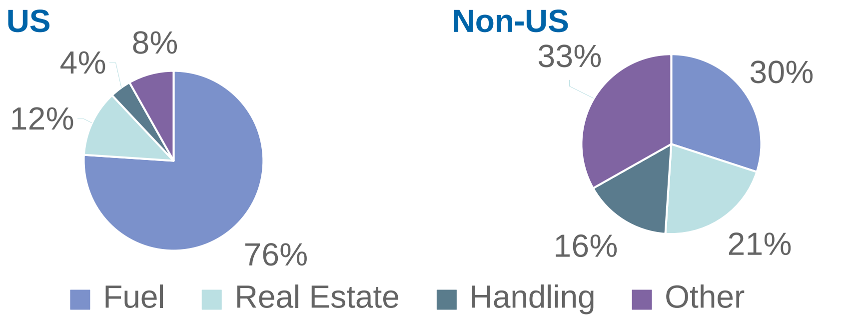
US (80% of revenues)

- Primary growth driver = flying hours
- Services are charged through the fuel price (c.4 days fuel inventory)
- Fuel price changes are passed through to customers
- Large tenant aircraft base

Non-US (20% of revenues)

- Primary growth driver = movements
- Fuel companies retain ownership of fuel
- Prime source of income is parking and handling fees
- Third party services include revenue from airport fees, catering, limos etc.
- Lower demand for hangars than in the US

2009 sales analysis



Diversified customer base
Top 10 customers (by value)

2009		2007	
NetJets	19%	NetJets	24%
US Government - DESC	5%	US Government - DESC	4%
Bombardier Flexjet	4%	Bombardier Flexjet	4%
Flight Options	2%	TAG Aviation, Inc.	3%
CitationAir by Cessna	1%	Raytheon Company	2%
Delta Private Jets, Inc.	1%	CitationAir by Cessna	1%
XOJET	1%	General Dynamics/Gulfstream/GDAS	1%
Avantair	1%	Jet Aviation Business Jets AG	1%
GAMA Group	1%	Motorola, Inc.	1%
Jet Aviation Business Jets	1%	The Air Group, Inc.	1%

Business aviation is a key efficiency & productivity tool…

Efficiency

Business Jet

Arrive Columbus, Ohio **08.00**

Depart Columbus Ohio **08.15**

Arrive Tulsa, Oklahoma Meeting Commence **10.30**

Check-in → **Depart** → **Arrive**

2.5 Hours

Commercial

Arrive Columbus, Ohio **08.00**

Depart Columbus, Ohio **09.30**

Arrive Memphis, Tennessee **11.15**

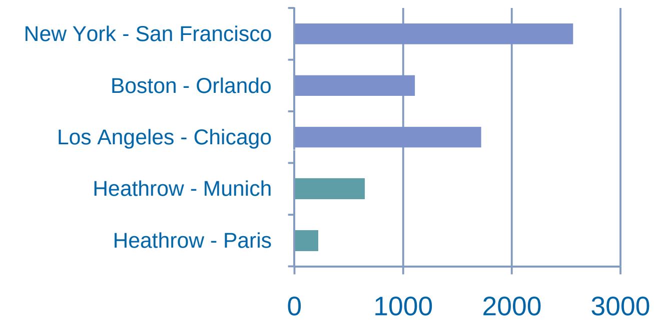
Depart Memphis, Tennessee **12.35**

Arrive Tulsa, Oklahoma **14.00** Meeting Commence **14.30**

Check-in → **Depart** → **Connect** → **Depart** → **Arrive**

6.5 Hours

Significant distances (miles)



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

…with significant distances between major US urban populations and a lack of intermodal alternatives

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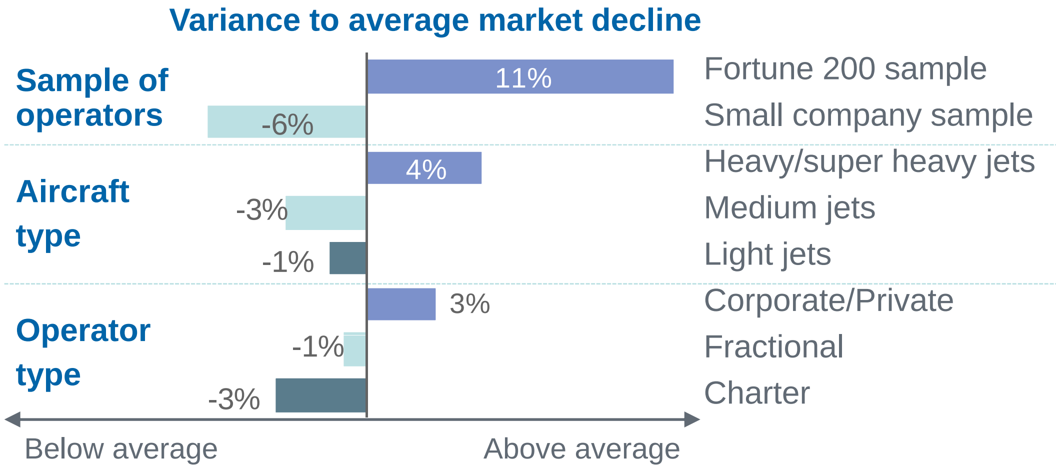
Well positioned to capitalise on market recovery…

- Corporate users continued to fly to top metro locations where Signature FBOs are located
- Signature is exposed to the less volatile market segments
- Supporting Signature's outperformance
  - 26 consecutive months of market outperformance
  - Peak to trough decline of 17% vs market decline of 34%

Market segments compared to overall market decline 2007 to 2009[1]



(1) Source: FAA ETMSC, ARG/US

…reflecting strength of network and service quality

Leading position in a fragmented market

FBO Chain	Total locations	North America	Rest of World	Top 50 US Metro areas	Quality sole source*
Signature	**106**	**63**	**43**	**47**	**13**
Atlantic (MIC)	65	65	0	33	5
Landmark (GTCR)	39	37	2	19	3
Million Air (Franchise)	28	28	0	11	1
Jet Aviation (General Dynamics)	15	5	10	5	0
TAC AIR (privately owned)	13	13	0	1	0
Sheltair (privately owned)	13	13	0	6	1
Ross Aviation (Center Partners)	13	13	0	0	0
Cutter Aviation (privately owned)	8	8	0	4	1
Galaxy (privately owned)	6	6	0	3	0

* USA: airports with >1m fuel gallons pumped
International: airports with significant operations

- High quality locations with an average of 1.5 competitors per field
- Strategic and sustained competitive advantage
- >200 FBOs at c.100 airports that fit within Signature's acquisition criteria
- Focused on targeted and relevant growth in key markets

…with a market share of only c.7-8% of global volume

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The exciting growth potential

Cyclical recovery and operational improvement	Structural growth	Expansion opportunities
▪ 17% below 2007 peak ▪ 12 months of sustained recovery ▪ Maximising scale benefits ▪ Improved agility and flexibility ▪ Enhanced service initiatives ▪ Increasing customer loyalty ▪ Technology and information based process improvement ▪ Exploiting cross-division synergies	▪ 5.5% CAGR 1999-2009 ▪ External forecast: 4-6% through cycle growth in B&GA	▪ Continued consolidation ▪ Capital efficient expansion models ▪ Continued market share gain ▪ Expanded support offering

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ASIG

Keith Ryan

11 November 2010

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World leading independent commercial aviation service provider…

Size and scale

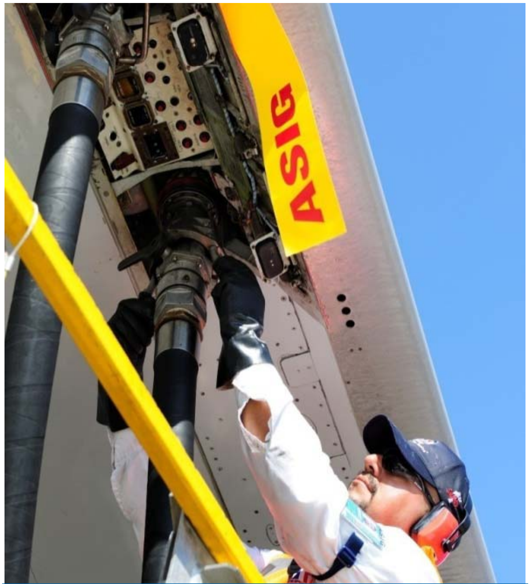
- 68 locations worldwide
- 48 of the top 100 hub and international airports
- Fuelling more than 10,000 flights per day

Expertise and barriers to entry

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

Strong customer relationships

- Diverse customer base with over 650 customers
- Long term relationships with all major carriers



…managing primary outsourced services for airlines, airports and oil companies

Business dynamics

Fuel – c.50% of revenue

- Into-plane fuelling – airplane fuel supply from fuel truck or airport hydrant system
- Handling fee charged with no fuel price exposure
- Majority of airports and airlines have outsourced into-plane fuelling to oil companies and service providers
- Opportunities for oil company outsourcing of fuel transportation/fuel logistics

Ground handling - c.35% of revenue

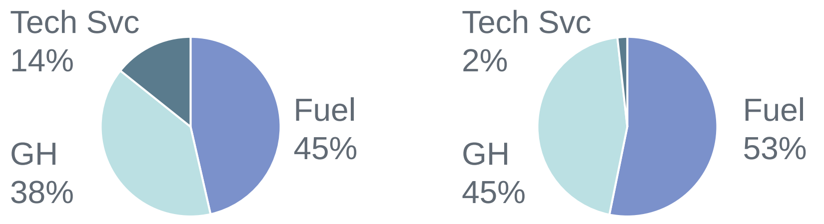
- Full range of ground handling and passenger services including baggage handling, aircraft ramp services and passenger and lounge services
- Service standards, safety and training are key
- Only 25% of services outsourced

Technical Services – c.15% of revenue

- De-icing, ground support equipment maintenance, jet bridge maintenance, baggage system maintenance and others
- Strong return on invested capital

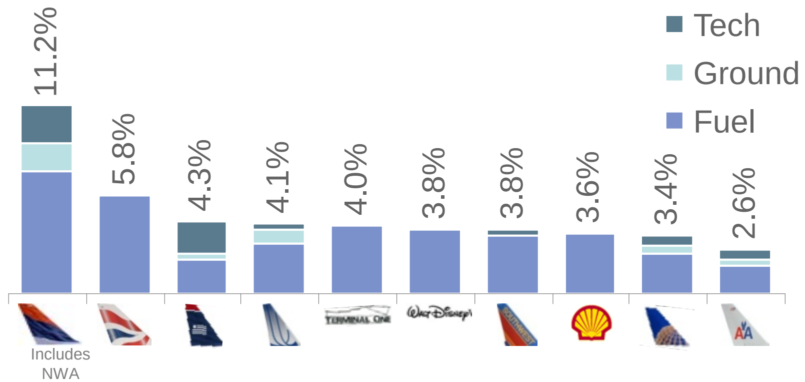
2009 sales analysis

North America	Europe



Rev: £177.5m	Rev: £30.9m
% of Total Rev: 85%	% of Total Rev: 15%

Top 10 customers (by value)



Market outlook for continuing growth…

Global growth outlook for commercial aviation		
CAGR to 2027	**ATMS**	**Passengers**
Global	**2.8%**	**4.2%**
Regional		
Asia Pacific	5.5%	6.3%
North America	2.2%	2.5%
Europe	2.9%	3.4%

Source: ACI Global Traffic Aircraft Movements 2008-2027 Edition 2009

- Commercial aircraft movements global growth of 2.8% p.a.
- The bulk of aircraft movements will be in North America
- Highest growth region = Asia Pacific
- On average aircraft will carry 20% more passengers in 2027 vs. 2007
- North America will continue to have the lowest average aircraft size (due to domestic and regional operations = 80% of total US passengers)

Outsourcing trend continuing

- Into-plane fuelling largely outsourced, but 65% of ground-handling still carried out in-house
- £13bn of commercial aviation services market still in-house
- Will complement growth in movements
- Oil companies outsourcing fuel transportation and logistics
- Accelerated drive to reduce operating costs through outsourcing

…ability to grow faster than the market as outsourcing trend continues

Focus and flexibility in competitive markets

	Ownership	Focus	Service mix	Revenue	No. Of locations			
					NA	Europe	Other	Total
ASIG	BBA Aviation	Aviation	Fuel 50% Ground handling 37% Tech services 13%	£208m	53	15	1	69
Skytanking	Marquard & Bahls	Oil & energy	Fuel 100%	n/a	12	20	3	35
swissport	PAI Partners	Services/ capital goods/ consumer goods	Ground handling 74% Cargo 20% Fuel / tech 6%	£985m	52	60	63	175
Servisair	Derichebourg Group	Environmental, business and aviation services	n/a	£454m	42	72	11	125
Menzies Aviation	Menzies Aviation	Magazines, newspapers & aviation	Ground handling 59% Cargo handling 26% Cargo forwarding 15%	£507m	12	35	61	108

Source: Company reports

The exciting growth potential

Cyclical recovery and operational improvement	Structural growth	Expansion opportunities
▪ Strong recovery in demand YTD, more moderate capacity growth ▪ Global international traffic (RPKs) +8.3% YTD, capacity (ASKs) +3.6% ▪ Accelerated drive to reduce operating costs through outsourcing ▪ Technological enhancement ▪ Continued process improvement ▪ Cross business opportunities	▪ Commercial aircraft movements global growth of 2.8% p.a. over the next 20 years ▪ Asia Pacific due to grow at 5.5% p.a. over next 20 years	▪ Extended hub and international airports ▪ Service extension ▪ Small add-ons e.g. SGS ▪ Outsourcing ▪ Oil company exiting down stream operations ▪ Asia Pacific

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Engine Repair & Overhaul

Hugh McElroy

11 November 2010

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Leading independent OEM-authorised engine repair company…

Size and scale

- 4 overhaul centres, 11 regional turbine centres
- 100+ field service personnel
- More than 3,000 engines processed p.a.

Expertise and barriers to entry

- OEM authorisations supporting 80% of B&GA fleet
- Brand strength and market leadership
- Excellence in product support – AOG, field service and network
- Broad technical expertise

Strong customer relationships

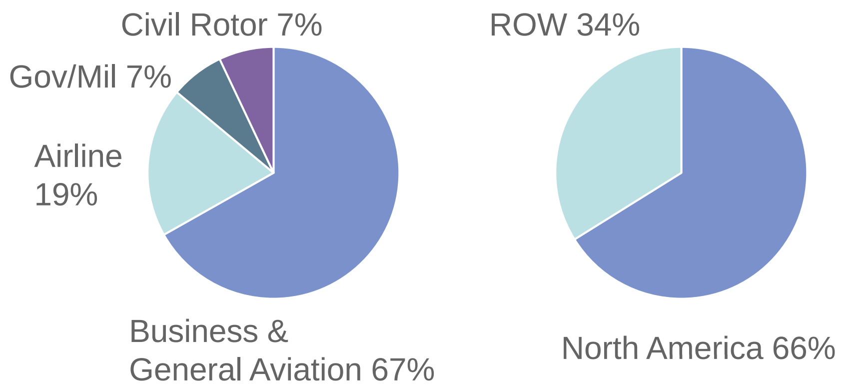
- Global customer base of >5,500
- Supports customers' diverse engine requirements

…with over 75 years of experience

Business dynamics

- OEM authorised
  - Essential part of OEM's global support network
  - Customers value alternative service providers
- Strong market share on engine programmes on which ERO operates
- Average customer owns 1.5 engines – limited pricing power
- 3-4 significant independent competitors including Standard Aero, Bizjet, Vector and MTU
- Average utilisation rates vary per year and per aircraft type

2009 sales split



B&GA market leader

Type	Mkt pos.	2009 mkt share	Key independent competitor
HW TFE731	1	30%	Standard Aero
RR Spey	1	50%	Bizjet
RR Tay	1	55%	Bizjet
PW PT6A	3	10%`	Vector, Standard Aero
PW 300	1	60%	SECA
PW 500	2	33%	MTU
PW JT15D	1	66%	Vector
RR250	2	22%	Standard Aero
GE CT7	1	40%	IPTN
PW 901	1	32%	Revima

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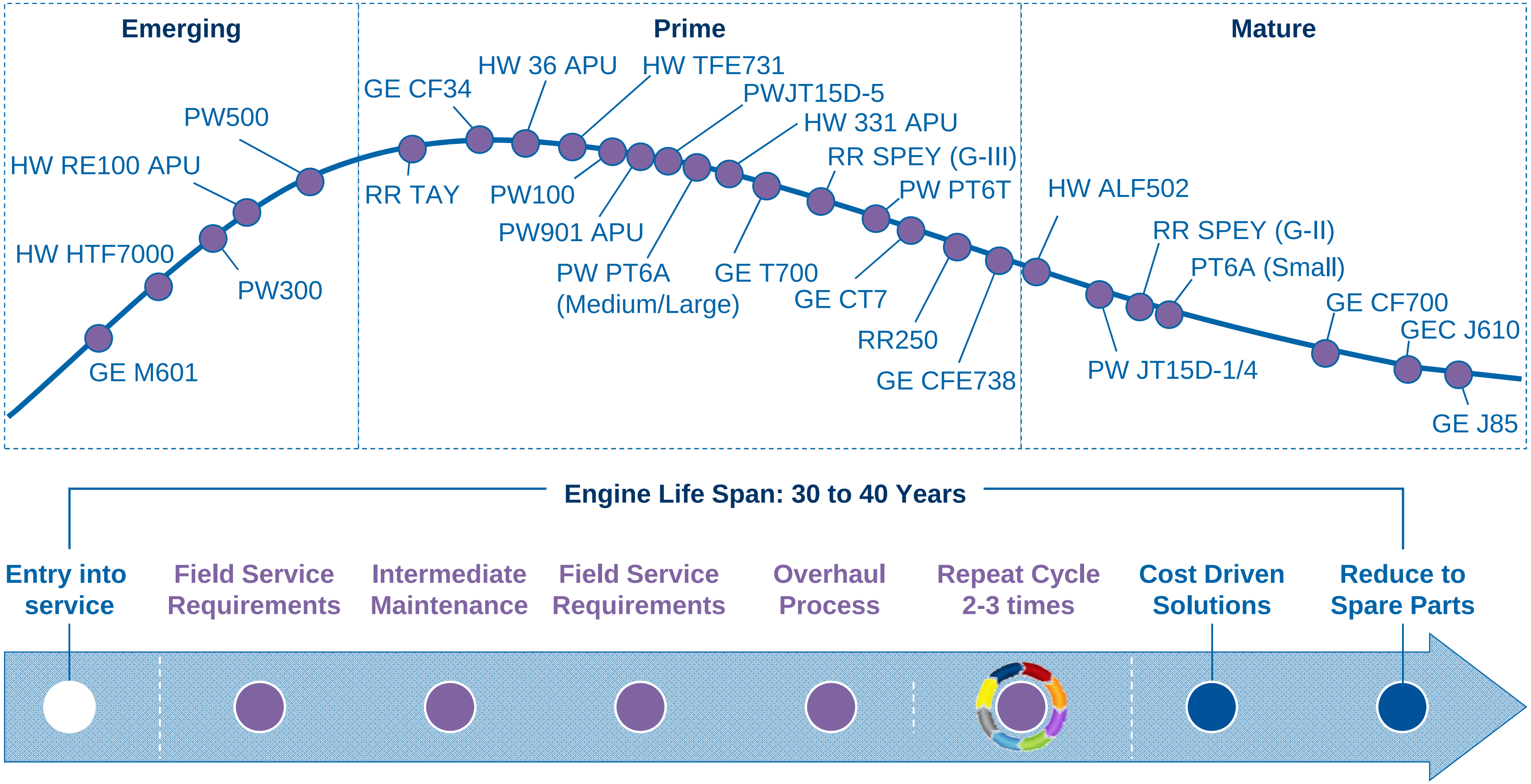
Balanced product portfolio…



…spread across product life cycle

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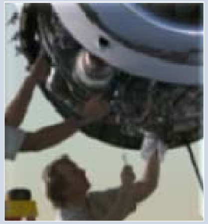
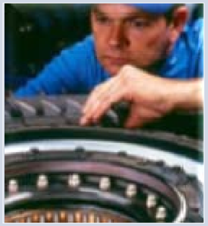
Comprehensive customer support…

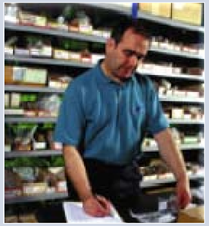


Remove engine & provide rental replacement

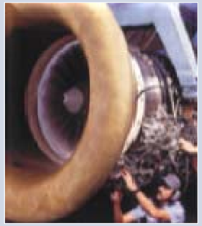
Disassemble, clean & inspect



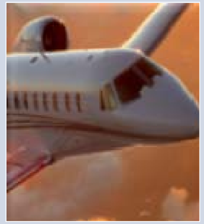
Repair components & accessories



Issue material



Re-assemble & test



Return to service

30 to 60 calendar days

- Field service technicians and mobile response unit capability important during early stage of an engine life cycle as maintenance typically on-wing
- Regional Turbine centres are based at key B&GA aircraft centres and allows multiple contact points for maintenance work
- Unrivalled process flow and implementation of MRO
- Caters for a broad range of engine types
- Competitive pricing due to serviceable parts inventory

…a key differentiator

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The exciting growth opportunity

Cyclical recovery and operational improvement	Structural growth	Expansion opportunities
▪ B&GA market 17% below 2007 peak ▪ 12 months of sustained recovery ▪ 6-9 months lag on B&GA flying hours ▪ Access to SFS customer base ▪ Footprint optimisation ▪ Improved process focus ▪ Enhanced training for increased efficiency	▪ External forecast: 4-6% through cycle growth in B&GA ▪ Growth of the BRIC economies	▪ Component and accessory repair & overhaul ▪ New engine authorisations ▪ Mature programme opportunity ▪ Military outsourcing

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Legacy Support Group

Peg Billson

11 November 2010

BBA Aviation

Leading supplier of OEM-licensed legacy products…

Size and scale

- More than 3,000 customers worldwide, licenses for over 4,000 parts

Expertise and barriers to entry

- Business model
  - Aftermarket focused
  - License based IPR
- Technical strength and product focus
  - Engine Accessories
  - Electrical & Mechanical components
  - Experienced, cross-trained workforce

Strong customer relationships

  - OEM licensors
  - Diverse customer base

…becoming the OEM for non-core, legacy products

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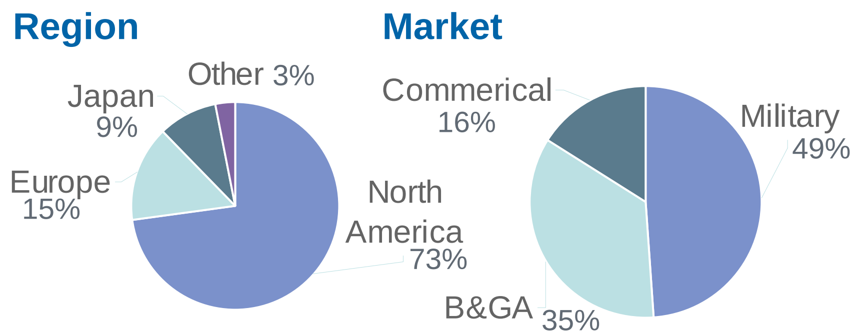
Business dynamics

- Acquires licenses from OEM for out-of-production or aging parts that are difficult/ expensive for OEM to support
- Pays OEM upfront license fee and/or an ongoing royalty
- Becomes the sole source OE supply, owning IPR
- Licenses range from 10yr automatic renewal to perpetuity
- Supplies new, repaired and overhauled legacy OE parts

2009 sales analysis



Top 10 customers (by value)	
Defence Logistics Agency	15%
Itochu Aviation	10%
Revima	10%
McDonnell Douglas Corp.	8%
US Army Missile Command	5%
Lockheed Martin	5%
Goodrich Corp.	5%
GE Aviation	5%
Bell Helicopter	3%
Triumph Air	2%
Subtotal	**68%**

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Value proposition

Pedigree	+	Availability	=	Value
				

A legacy focused OE

- IP knowledge, ownership and access
- Aftermarket focused
- Service orientated
- Only source of OE approved spares & repairs

Conforming parts on time

- Active and specialist supplier management
- Relevant approvals and processes
- Inventory holding supporting fast movers
- Increased customer focus

Value Pricing

- Value priced not cost plus
- Price/volume relationships
- Active account management
- Government relations
- Platform knowledge

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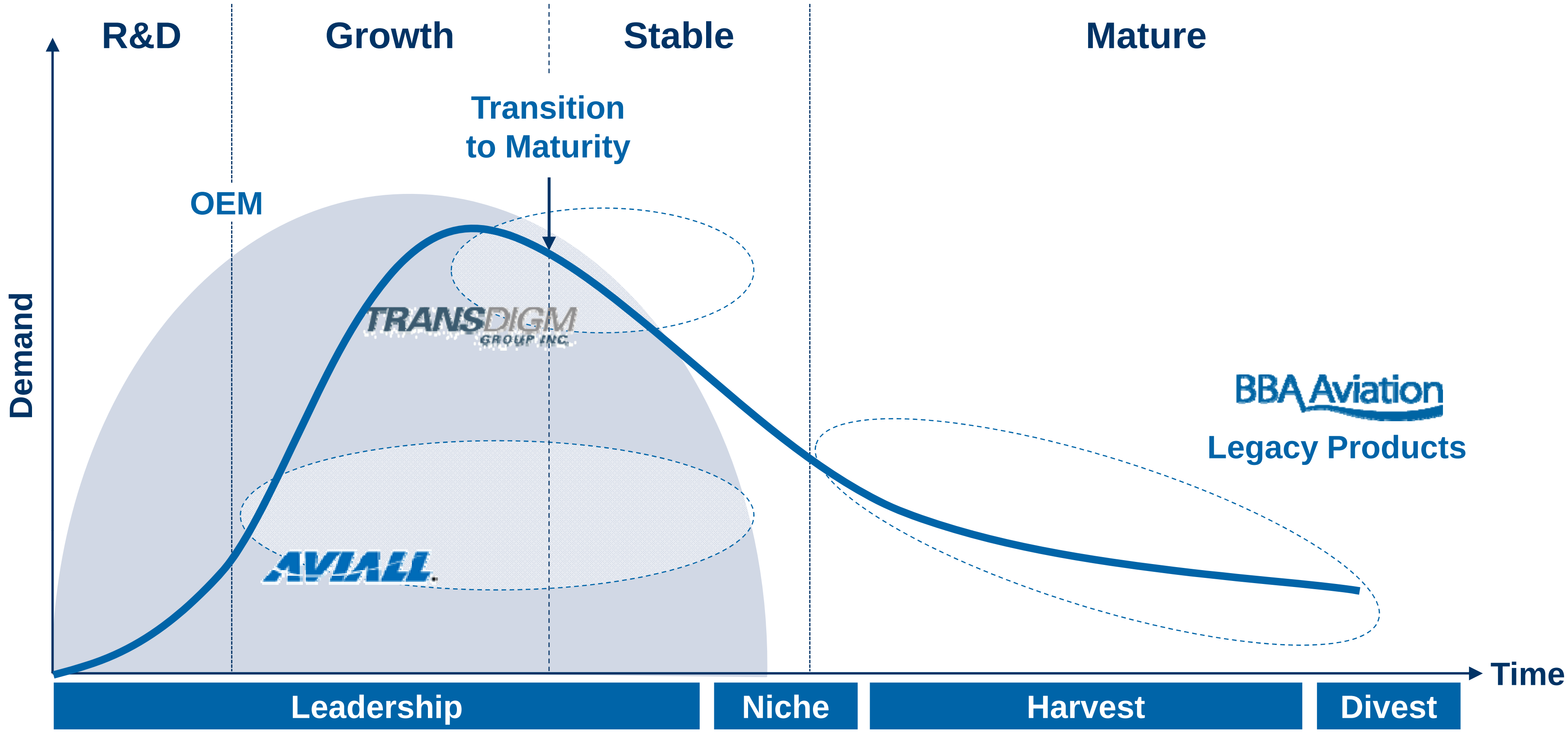
Innovative business model with limited competition…



…limited competition through IPR ownership – PMA / overhaul a potential alternative

The exciting growth potential

Cyclical recovery and operational improvement	Secular Growth	Expansion opportunities
▪ Proactive selling into existing fleet and active customer/programme management ▪ Increased MRO outsourcing as market recovers ▪ Scale driven process enhancement ▪ Improved supply chain flexibility ▪ Reduced order to shipment time	▪ Extended lives and in-service support of legacy platforms ▪ Aging fleet exiting warranty support	▪ Expanding product and technical expertise ▪ Fragmented small to medium mature technology companies ▪ Extensive new licensing opportunities ▪ Specialist component repair

APPH

Mike Askew

11 November 2010

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Niche focus and technical capability…

Size and scale

- Niche landing gear and associated hydraulic equipment provider
- 65% aftermarket

Expertise and barriers to entry

- Design, development, certification and manufacture
- Integrated logistics support
- >75% revenues from programmes where APPH owns the IPR
- Core OEM relationships
- Product life spans of 40+ years

Strong customer relationships

- Long term relationships with top 10 customers

...with significant IPR

Business dynamics

- Landing gear & hydraulics
  - Design
  - Qualification and certification
  - Manufacture
  - Spares and aftermarket support

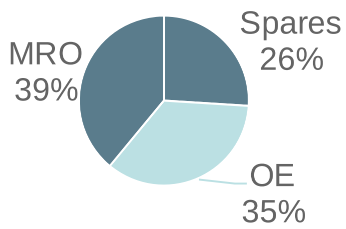
- MRO
  - APPH designed
  - Third party landing gear and components

- OEM IPR gives APPH access to valuable and protected aftermarket

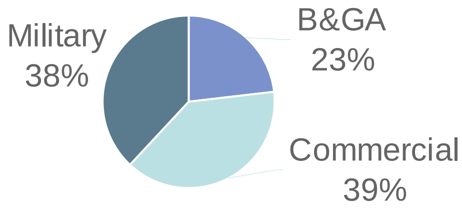
- Competition from niche providers:
  - Liebherr Aerospace
  - ELEB (owned by OEM Embraer)
  - Heroux Devtek (do not own IPR)

2009 sales (by type)

Type



Market



Top customers

	% 2009 revenue	Years served
Hawker Beechcraft	13%	25
BAE Systems	12%	40
Augusta Westland	12%	30
Saab	8%	25
Rolls Royce	6%	25
Messier-Dowty	6%	20
Boeing	4%	25
Cessna	3%	10
Total	**64%**	**-**

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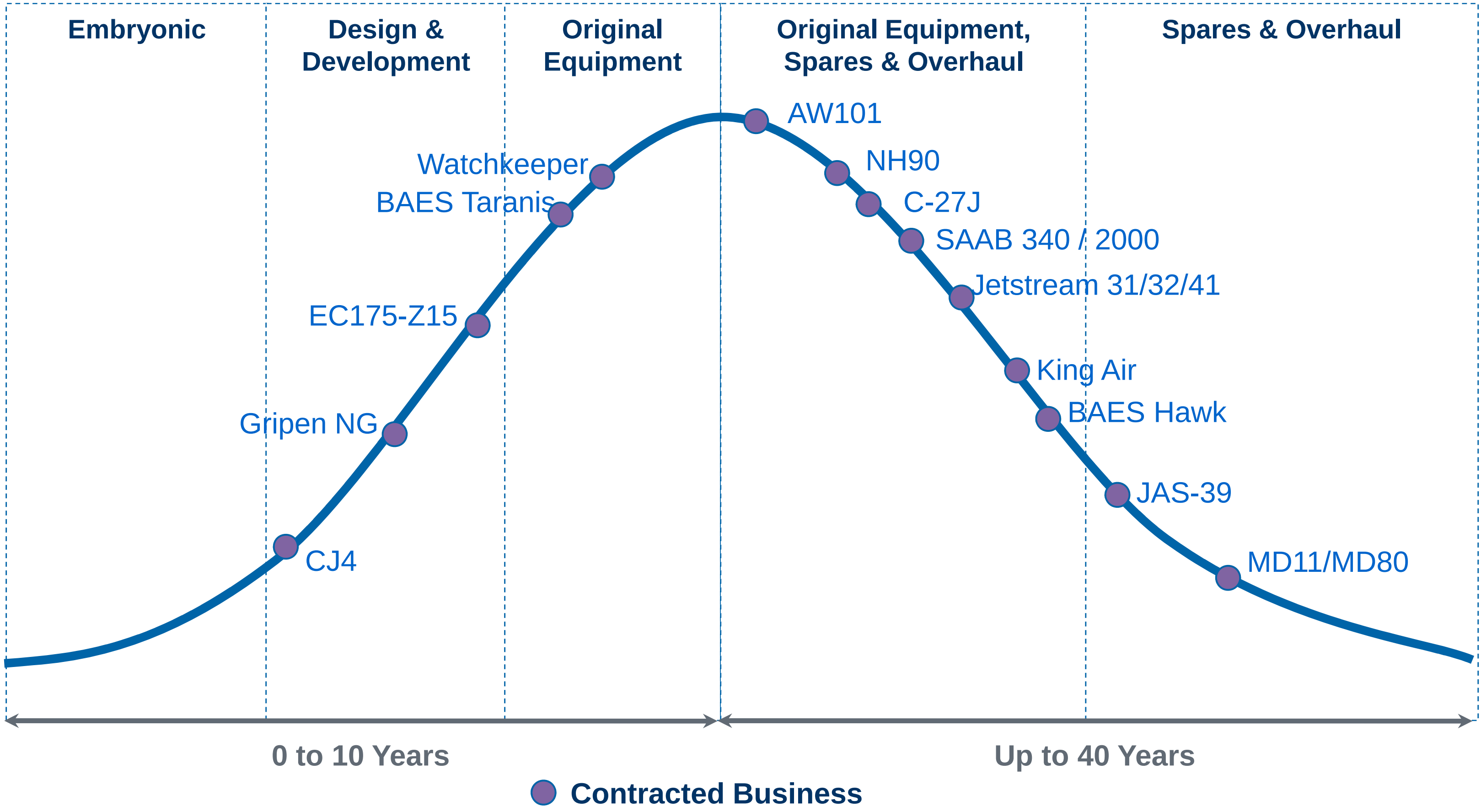
Strong product portfolio and maturity mix…



…a balanced product portfolio with life cycles of 40+ years

Market growth over the next 10 years…

- Challenging markets as B&GA OEMs cut back on production due to downturn
- MRO activity growing with improved order book
- External forecasts predict that the B&GA OEM market will begin to improve from 2011/2012
- APPH operates in the following markets:
  - Business aviation jets and turboprops
  - Rotorcraft both military and commercial
  - Military fixed wing fighters, trainers and transport
  - Unmanned Aerial Vehicles (UAVs) and Unmanned Combat Air Vehicle
- With the exception of military trainers all APPH markets are expected to grow over the next 10 years with the largest increases projected in civil rotorcraft
- 2008 to 2017 forecast production of rotorcraft is expected to be approximately 15,000 with 9,000 in the civil sector and 6,000 in military

…with a balanced exposure to these growing markets

The exciting growth potential

Cyclical recovery and operational improvement	Structural growth	Expansion opportunities
▪ Recovery in B&GA OEM production ▪ Recovery in commercial flying hours – MRO ▪ Increased demand for military spares and overhaul ▪ Footprint optimisation ▪ Reducing MRO cycle times ▪ Process improvements ▪ Cross business opportunities with Legacy	▪ Emerging market growth in existing platforms ▪ Niche new platforms – UAVS – Rotorcraft – Fighter ▪ External forecast:4-6% through cycle growth in B&GA ▪ Selected platform upgrade	▪ Selected OEMs ▪ Continued product development

Financial Dynamics

Mark Hoad, Group Finance Director

11 November 2010

Financial dynamics

- Strong performance through the cycle
- Inherently attractive financial characteristics
  - Low fixed cost base
  - Cash generative
- Strengthening balance sheet
- Value creation in expansion
- Focus on ROIC > WACC through-cycle
- Future growth
  - Cyclical recovery and operational improvement
  - Structural growth
  - Expansion opportunities

... delivering return on invested capital

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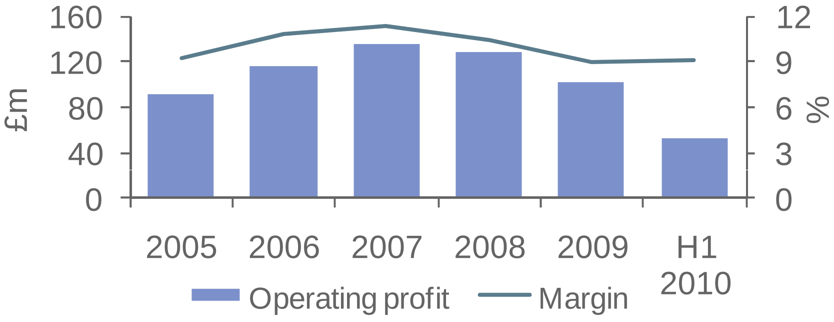
Strong performance through cycle…

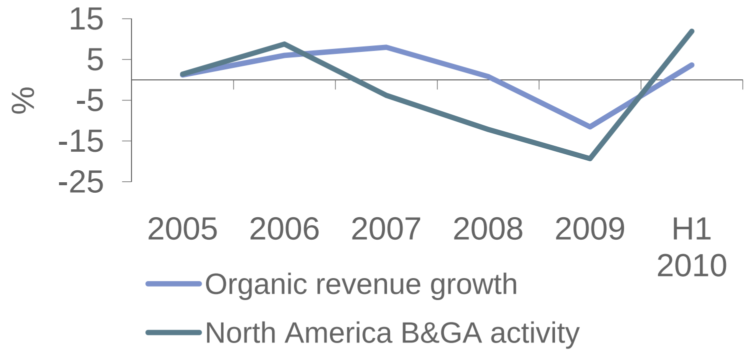
Operating Profit



Constant currency and fuel price

- **Operating profit growth strong to 2007 peak**
  - Primarily organic - of the £43m OP growth from 05 to 07, only £12m came from acquisitions
- **Impact of downturn limited through market outperformance, flexible cost base and pre-emptive cost reductions**
  - £30m of annualised cost savings in 08/09 at cost of £8m
  - c. £10m of savings to be retained as volumes recover

Revenue



- **Revenue outperformance relative to primary market measure indicative of:**
  - Cyclical balance via commercial and military
  - Early/later cycle balance in Signature and ERO
  - Market share gains through targeted initiatives

... reflects the inherent characteristics of our business

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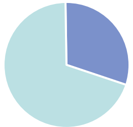
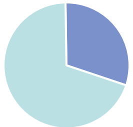
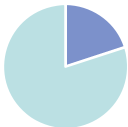
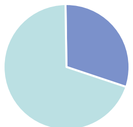
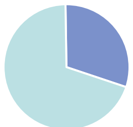
Low fixed cost base…

	Approximate cost split		Comments
Signature		Fixed 30% Variable 70%	▪ Majority of variable costs relate to fuel with price changes being passed onto customers
ASIG		Fixed 30% Variable 70%	▪ High labour content which is variable due to low cost flexible labour jurisdictions
ERO		Fixed 20% Variable 80%	▪ Variable costs primarily relate to high replacement parts content in overhauls
Legacy		Fixed 30% Variable 70%	▪ Purchase of components and parts for assembly, royalty payments to licensors
APPH		Fixed 30% Variable 70%	▪ Large material content in both OE and MRO/spares sales

… providing flexibility

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Cash generative…

Cash flow item	Comment	% of Operating Profit
Operating profit	Growth with recovery	100%
Capex – depreciation	Capex c. 0.7x-1.2x depreciation	-10% to + 10%
Working capital	Flight Support neutral, Aftermarket modest consumption, still some structural opportunity	0% to -10%
Pensions	c. £5-6m per annum over next 3-4 years	-5%
Other	No other major items expected	0%
Operating cash conversion		**75% - 105%**

- Represents “normal” cash conversion with scope for higher conversion in downturn
- Absolute OP growth covers increased capex and working capital
- £250m of free cash flow generated from beginning of 2008 to mid-2010

... in both up-cycle and downturn

Strengthening balance sheet…

- Capital structure solid – leverage protected through downturn, dividend maintained
- Natural deleveraging - with modest EBITDA progression and cash conversion outlined earlier, balance sheet leverage reduces by c. 0.4-0.5x per annum
- Significant facility headroom
- Cash generation supports organic investment
- Leverage reduction creates headroom over time for expansion opportunities

... supporting organic and expansion investment

Value creation in expansion…

- Expansion projects only undertaken if expected to deliver returns in excess of cost of capital on a risk adjusted basis
- Signature value creation potential:
  - Operational improvement
  - Purchasing benefits
  - Reduction in SG&A
  - Volume capture
- Aftermarket value creation potential:
  - Operational improvement
  - Cost synergy
  - Value pricing

... from cost synergy, pricing, management discipline and volume capture

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Improving Return on Invested Capital…

£m	2007 @ H1 10 Rates	H1 2010
Capital employed	926	990
Goodwill written-off	214	214
Invested capital	1,140	1,204
Operating profit*	135.6	105.9
ROIC	11.9%	8.8%

* Rolling 12 months

- Measured including goodwill previously written-off to reserves or amortised – true reflection of cash invested in the business
- Reduction in underlying capital employed since 2007
- No material increase in invested capital required for organic growth

... is a key focus for management

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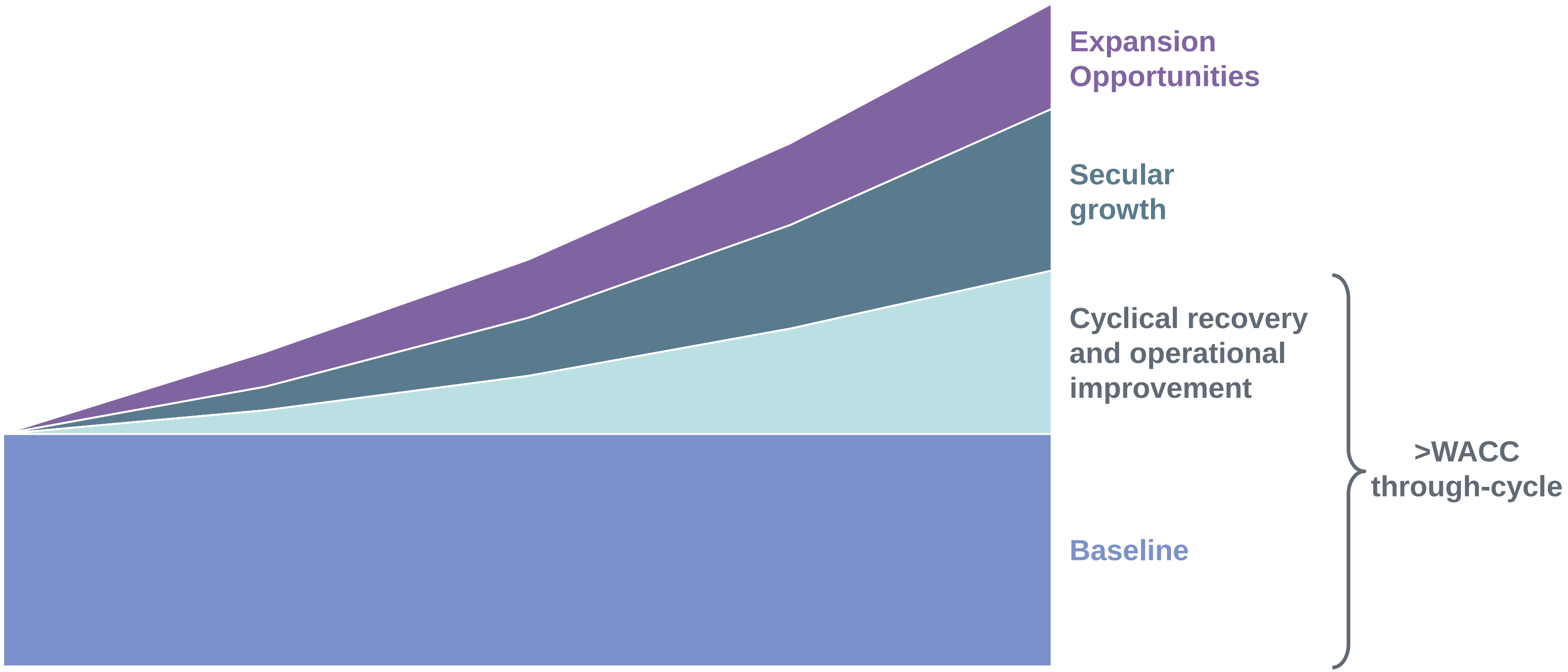
Delivery on growth drivers…



...will be value creative for shareholders

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Summary

- Strong performance through-cycle
- Inherently attractive financial characteristics
- Cash generation continues deleveraging
- Discipline and rigour applied to execution of expansion opportunities
- Target of generating returns in excess of 12% through-cycle achievable from cyclical recovery and operational improvement alone
- Secular growth and expansion opportunities provide further upside

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Summary

11 November 2010

We have a clear, consistent strategy…

Business	Growth strategy
Signature	Cyclical recovery, continued share gain, structural growth, consolidation, enhanced service offering, operational improvement, cross business cooperation
ASIG	Cyclical recovery, extended hub and intl airports, widen/new service offering in core locations, operational improvement, extended cross business cooperation
ERO	New authorisations, military and rotor-craft expansion, operational / foot print improvement, cross business cooperation
Legacy	New licences, active-selling, acquisitions of mature technology companies, cross business cooperation
APPH	Operational improvement, niche organic expansion, cross business cooperation

…where we are prepared to make value choices

What you can expect from BBA Aviation…

- A focused aviation services and aftermarket business
- Actively managed by a proven team
- Continued strong relative performance
- Realising growth opportunities
- Delivering long term, sustainable value
  - 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

BBA Aviation