



BBA Aviation plc
2010 Final Results
Results for the year ended
31 December 2010

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A video interview with Chief Executive Officer 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 2010

Results in brief (£m)	Underlying results*			Statutory results		
	2010	2009	% Change	2010	2009	% Change
Revenue	1,183.0	1,080.8	9%	1,183.0	1,080.8	9%
EBITDA	149.1	139.3	7%	142.6	124.9	14%
Operating Profit ¹	110.6	100.5	10%	100.4	82.3	22%
Profit before tax	95.4	78.2	22%	85.2	60.0	42%
Earnings per share ²	17.6p	14.6p	21%	15.2p	11.4p	33%
Return on Invested Capital ³	9.5%	8.4%				
Free Cash Flow ⁴				115.2	137.5	(16)%
Net Debt				313.9	391.6	
Dividend per share				8.1p	7.6p	7%

* 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) Underlying operating profit return on average invested capital including goodwill and intangibles amortised or written off to reserves.

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

These definitions as outlined above are consistently applied throughout this results announcement.

Financial highlights

- Revenue on an organic basis up 4%
- Underlying operating profit of £110.6m up 10%, profit before tax up 22%
- Adjusted earnings per share of 17.6p up 21%
- Group return on invested capital increased by 110bps to 9.5%
- Continued strong cash generation with free cash flow of £115.2m
- Net debt reduced by £89.7m on a constant currency basis
- Net debt to EBITDA reduced to 2.1x (2009: 2.8x), interest cover improved to 9.8x (2009: 6.2x)
- Dividend for the year increased by 7% to 8.1p

Operational highlights

In Flight Support (60% of Group EBIT)

- Signature delivering continued outperformance in a recovering market; extension of network with addition of Montreal and Fresno and Bozeman FBOs
- ASIG benefiting from continued contract wins, operational efficiency and expanded service offering

In Aftermarket Services and Systems (40% of Group EBIT)

- ERO now benefiting from improved flying hours, enhanced customer support and has recently been awarded a Honeywell authorisation in the Asia Pacific region
- Legacy delivering ramp-up in revenue growth from landing gear licence, and has announced today the agreement to acquire GE Aviation Systems' legacy fuel measurement business for \$62.5m
- APPH focusing on further operational efficiency and achieving contract wins

Simon Pryce, BBA Aviation Chief Executive Officer, commented:

"2010 was a good year for BBA Aviation as our major markets started to recover from their 2009 lows. Flight Support benefited from a 10% increase in North American B&GA movements although growth in European B&GA movements was lower and commercial movements were broadly flat. Our later cycle Aftermarket Services and Systems division benefited from the increased aftermarket demand generated by the recovery in activity, particularly in the second half. This increased activity, together with our performance in the market and further improvements in operational efficiency resulted in continued progress in both of our divisions.

As our markets continue their gradual recovery, we expect to make further progress in 2011. The underlying strengths of our business and our organic growth and consolidation opportunities, together with a continued focus on operational improvement, mean that we expect to deliver a strong performance and generate superior returns over the longer term."

FINAL RESULTS 2010

Overview

These are a good set of results for BBA Aviation with both divisions returning to growth following the downturn of 2008 and 2009. Our Flight Support division experienced growth throughout 2010 and the later cycle Aftermarket division returned to growth in the second half as expected.

US dollar exchange rates had a limited impact on the comparison of the profit and loss figures with the prior year with average rates for 2010 of \$1.55 (2009: \$1.56), and a relatively small effect on the balance sheet with a spot rate of \$1.57 (2009: \$1.61).

Revenue increased by 9% and excluding the impact of exchange rates, fuel prices and acquisitions and disposals, the organic revenue increase was 4%. Underlying operating profits of £110.6 million were 10% higher (2009: £100.5 million), as a result of the increased activity across both divisions, further operational improvements and a £3.0 million net pensions curtailment gain in the period, which arose as the result of benefit changes to the Group's UK defined benefit pension scheme in March 2010. The pension gain partly offsets the absence of a £4.6 million profit realised in 2009 on accelerated engine sales in Engine Repair and Overhaul ("ERO"). Operating margins for the Group were maintained at 9.3% (2009: 9.3%) although on a constant fuel price basis improved by 0.4%.

The net interest charge was £15.2 million (2009: £22.3 million) with the reduction over the prior period primarily due to the lower net debt and lower interest rates. Interest cover improved to 9.8 times (2009: 6.2 times). Underlying profit before tax increased by 22% to £95.4 million (2009: £78.2 million) and adjusted earnings per share increased by 21% to 17.6p (2009: 14.6p). Our tax rate was broadly maintained at 21.2% (2009: 21.7%).

Profit before tax increased by 42% to £85.2 million (2009: £60.0 million) due to the increase in underlying profit before tax outlined above and a reduction in exceptional items to £10.2 million (2009: £18.2 million), of which £4.9 million was non-cash. Unadjusted earnings per share were 15.2p (2009: 11.4p).

We continued to build on the excellent cash flow performance in the prior year and strong cash generation in the first half of 2010 with cash conversion for the year as a whole of 124% (2009: 179%) and free cash flow of £115.2 million (2009: £137.5 million). Despite the increased activity, free cash flow in the year included a working capital inflow of £15.9 million (2009: inflow £57.9 million). This was partly as a result of our continuing focus on improving the working capital efficiency of the Group, but also included a short-term timing benefit of approximately £13 million. Capital expenditure increased to £27.8 million (2009: £18.7 million), mainly due to our investment in the PT6T (Twin-Pac) engine overhaul authorisation for Europe. The reduction in the interest charge flowed through into reduced interest payments of £14.7 million, and tax payments were reduced by £9.0 million to £2.6 million (2009: £11.6 million) with the prior year including final payments in relation to earlier years. Free cash flow in the prior period included a £17.6 million inflow in relation to the accelerated sale and leaseback of a number of engines by Dallas Airmotive.

The cash dividend payment in the period was reduced to £17.4 million (2009: £21.9 million) with a 46% average take up of the scrip alternative across the two dividends paid in the year. There was a reduction in net debt of £77.7 million with a net cash inflow of £89.7 million (2009: £107.2 million) and closing net debt was £313.9 million (2009: £391.6 million). Net debt to EBITDA improved substantially to 2.1x from 2.8x at the end of 2009.

Group return on invested capital improved to 9.5% (2009: 8.4%) as a result of the improvement in underlying operating profit and a continued focus on capital discipline.

Following the 4% increase in the interim dividend the Board is now proposing a final dividend of 5.7p (2009: 5.3p), taking the dividend for the full year to 8.1p (2009: 7.6p), an increase of 7%, reflecting the Board's continued confidence in the Group's prospects and at the same time progressively re-building cover. The Group is proposing to offer a dividend re-investment plan alternative (DRIP) in relation to the 2010 final dividend.

Business Review

Flight Support

Revenue in our Flight Support division increased by 15% to £741.6 million as a result of increased activity, increased fuel prices (£43.8 million) and acquisitions, which added £10.6 million of revenue in the year. Excluding the impact of acquisitions and fuel prices and on a constant exchange rate basis, revenue grew by 6% organically. Underlying operating profit increased by 19% to £73.4 million (2009: £61.8 million), primarily as a result of higher activity levels. Operating margins at constant fuel prices improved to 9.9% (2009: 9.0%).

Cash generation in the division was again strong with operating cash flow of £84.3 million (2009: £88.5 million), giving cash conversion of 115% (2009: 143%). Return on invested capital increased by 180 basis points to 9.7% (2009: 7.9%).

Signature

Revenue increased to £514.2 million from £435.1 million in 2009, an increase of 18% of which 8% was organic revenue growth with the balance accounted for by fuel price inflation (£41.5 million). In North America revenue increased by 8% organically and in Europe by 4%. Throughout 2010 North American B&GA activity continued the recovery that commenced in the last quarter of 2009 and for 2010 as a whole market growth was 10% over 2009. For the third year in succession Signature has outperformed the market with organic volume growth of 12% in North America, which accounts for 80% of Signature's revenue. In Europe the rate of recovery in market activity was a more modest 5% partly due to the volcanic ash related closure of European airspace in April and May.

Signature's continued market outperformance is in part explained by its ongoing commitment to its customers. Early in the year Signature announced the launch of Signature Status™, its customer loyalty programme which recognises growing customer loyalty through service enhancements. By year end Signature's customer loyalty score, which measures customer satisfaction and willingness to return and recommend Signature, improved to 81%, up 14 percentage points compared to the end of 2009. Signature completed a global fuel purchasing exercise during the first half of the year and continues to work on various other initiatives to enhance operational performance.

Signature added two new locations to its network in 2010, at Montreal, Canada and Fresno, California. The Montreal FBO represents Signature's entry into the Canadian market via a licensing agreement with Starlink Aviation to re-brand and operate its FBO as Signature Flight Support. At Fresno we have deployed Signature employees to operate the Signature branded FBO on our partner's real estate.

Following an RFP process during the second half of 2010, Signature was notified recently that its FBO lease at Miami International Airport would not be extended, although Signature won all the technical aspects of the RFP. Signature will continue to operate the FBO until mid-year, and the loss of this location, whilst disappointing, is not expected to have a material impact on our expectations for Signature's future financial performance.

The extension of the Signature network has continued in the first quarter of 2011 with the agreement to acquire the Yellowstone Jetcenter FBO in Bozeman, Montana, a top resort destination for a cash consideration of \$10.5 million. We continue to see a strong pipeline of opportunities for value creative investments in this space.

ASIG

ASIG's revenue grew by 9% to £227.4 million (2009: £208.7 million) and grew by 2% on an organic basis, excluding £2.3 million of fuel price inflation and the £10.6 million contribution from acquisitions made in the year.

The organic revenue growth was delivered against the backdrop of a North American market where movements declined by 1% in the first half of the year but began to increase in the second half. For the year as a whole, flight activity in both North America and Europe was flat. In Europe this was in part as a result of the European airspace closures in April and May.

In the United Kingdom, ASIG won contracts to provide into plane refuelling and fuel facility management at Belfast City Airport, aviation fuel services at Leeds Bradford Airport and fuel services and ground equipment repair and maintenance at Bournemouth and London City airports. In June, ASIG acquired SAS Ground Services UK Limited ("SGS") for a cash consideration of £2.5 million, giving ASIG access to the passenger and ground handling markets at Heathrow and at Aberdeen, which is a new location for ASIG. SGS contributed revenue of £10.6 million in the year and is expected to generate incremental revenues of approximately £19 million in the first full year of ownership and to be earnings enhancing. By the end of 2010 ASIG was operating at a total of 15 airports in Europe.

In North America, ASIG was successful in securing the outsourcing of American Eagle's refuelling activity at Chicago O'Hare International Airport for a five-year period. At Los Angeles International Airport ASIG secured a technical services contract to provide equipment maintenance and operations services for Terminal 3's passenger loading bridges and baggage handling system, building on its 25 years of experience offering similar services at Terminals 5 and 6.

The ability to leverage ASIG's capabilities and expertise beyond the normal boundaries of the airport environment has again proven successful. ASIG signed a 5-year contract renewal with Walt Disney World to provide 20 area resorts and hotels and two cruise ships with luggage logistics services in Orlando. ASIG has also been leveraging its expertise in fuel transportation logistics by commencing third party jet fuel transportation services off-airport resulting in new activity in Florida and California. As is usual, ASIG did experience some contract losses but overall, the net impact of US contract wins and losses is expected to be approximately \$4.0 million of additional revenue annually.

ASIG continues with its strategic expansion in new markets and at the end of the year ASIG was awarded a 20-year licence to provide complete fuel services at Tocumen International Airport in Panama. This operation will be established during the course of 2011.

Aftermarket Services and Systems

In the first half of the year, activity in our later cycle Aftermarket Services and Systems division continued to decline as expected. It returned to growth in the second half of the year as the impact of increased flying hours over the prior 6-9 months began to feed through to increased aftermarket demand. Organic growth of 3% in the second half offset the revenue decline in the first half, and for the year as a whole revenue of £441.4 million was broadly flat on an organic basis (2009: £437.0 million). Operating profits of £48.0 million were in line with the prior year (2009: £48.5 million) and operating margins were also broadly maintained at 10.9% (2009: 11.1%). Included within operating profit was a £3.0 million net pension curtailment gain realised in the first half and which partly offset the absence of a £4.6 million profit realised in 2009 on the accelerated sale of engines in ERO.

Operating cash flow for the division was again strong at £59.6 million (2009: £105.5 million) representing a cash conversion ratio of 124% (2009: 218%). Included within the operating cash flow in 2009 was an inflow of £17.6 million in relation to the accelerated sale of engines. Return on invested capital was improved slightly to 9.1% (2009: 8.9%).

Engine Repair and Overhaul

In ERO revenue was broadly in line with the prior year at £336.2 million (2009: £334.4 million), although excluding the impact on revenue of the accelerated sale of engines in the prior year, revenue grew by 4% on a constant currency basis. As expected, overhaul activity began to grow in the second half at a modest pace in line with the increase in flying hours seen at the end of 2009.

ERO has continued to work to enhance its market-leading role in global field service support for aircraft operators and during the year opened its F1RST SUPPORTSM centre which provides real-time tracking of aircraft, engine assets and personnel by integrated satellite linked data streaming. The centre is a first among independent aftermarket companies and gives ERO an advantage in providing ultra fast response to our customer's aircraft on ground ("AOG") situations. ERO continued to expand its field service capabilities with mobile response units and regional service representatives now numbering 11 and more than 100 respectively around the world.

New product Centres of Excellence ("COEs") were established during the year. ERO's Heritage Park facility in Dallas became the COE for Honeywell Engines and its Forest Park facility also in Dallas became the COE for Pratt & Whitney Canada and Rolls Royce fixed-wing engines. The facility at Neosho, Missouri was reconfigured to occupy a smaller footprint and dedicate its focus to Rolls Royce 250 helicopter and General Electric fixed-wing engine services. The engine line for PT6T (Twin-Pac) at Portsmouth achieved all relevant authorisations and became fully operational in the year.

In 2010, ERO also renewed its PW901 authorisation and added capabilities to support the PW901C, was awarded an Americas-exclusive repair authorisation for the GE M601 turbo-prop engine and early in 2011 was authorised by Honeywell to carry out hot section inspections on the TFE731 in Brazil. ERO has also been awarded an authorisation by Honeywell for the Asia Pacific region. This authorisation covers major periodic inspections for TFE731 as well as additional line maintenance services to the existing regional Honeywell service network for APU and engine products. ERO will be establishing a regional presence in support of this authorisation during the course of 2011.

Legacy Support[‡]

Revenue for the Legacy Support business grew to £61.5 million (2009: £52.4 million), an organic increase of 16% over the prior year. Softness experienced in the first half in IGS and Legacy Support Houston's MRO activities abated in the second half and Ontic US experienced significant growth as a result of the ramp up and the second half weighting of revenues from the Goodrich Landing Gear licence. Ontic UK benefitted from a full year of revenue from the Kidde Graviner Gaseous Emergency Oxygen Equipment licence.

Ontic US invested significantly in process enhancement to ensure that over the long term it can continue to deliver successfully the high growth rates we have seen since its acquisition in 2006. This bore fruit in the second half with four months of record revenues and improvements in key operational metrics.

Ontic US demonstrated its capabilities in delivering on complex US Government contracts through the Goodrich Landing Gear licence execution and as a result of this it also won a competitive bid to supply parts to the US Army for the Apache helicopter. The order book continued to grow and at the end of 2010 it stood at \$65 million (2009: \$56 million). The opportunities to grow the Legacy Support business both in the US and the UK through sales from existing licences and new licences continue to be robust due to the life extension of military platforms and by original equipment manufacturers seeking to rationalise their product and platform support offerings.

As announced separately today, Legacy Support has agreed to acquire GE Aviation Systems' fuel measurement business for a cash consideration of \$62.5 million. The acquisition enhances Legacy Support's exposure to the commercial aviation market, expands its non-US product portfolio and adds third generation electronics expertise, an increasingly important legacy market.

APPH[‡]

As expected, our latest cycle business, APPH did not see any recovery in the year and revenue declined by 13% organically to £43.7 million (2009: £49.6 million), although there was only a limited deterioration in the second half of the year. Demand for original equipment and spares remained subdued throughout the year although demand for MRO, particularly on Hawk and EH101, did show signs of improvement during the year.

We indicated in 2009 that we would keep the cost base of the business under review and in the light of continued weakness in revenues the decision was taken to transfer landing gear production from the Bolton facility into the Runcorn facility. The closure of the Bolton landing gear facility and transition of production to Runcorn was successfully completed in the second half of the year and the costs of closure have been included within exceptional items.

APPH continued to build on its strong reputation for engineering capability and quality with important orders secured in the period for a new Hawk programme through BAE Systems supplying Hindustan Aeronautics in India, and with Agusta Westland on the AW159 helicopter. The two programmes combined are expected to generate revenues of \$25 million over the next 10 years.

Other Financial Information

Unallocated central costs were £10.8 million (2009: £9.8 million), including an increase as a result of higher professional fees.

Exceptional items in the year amounted to £10.2 million (2009: £18.2 million), of which £4.9 million was non-cash. The exceptional items include £4.2 million in restructuring expenses (2009: £6.0 million) associated primarily with the closure of APPH's Bolton landing gear facility and £2.3 million of acquisition related costs (2009: £nil), of which £1.4 million related to acquisitions made in prior years. Amortisation of acquired intangibles amounted to £3.7 million (2009: £3.8 million). The prior period included a £5.5 million non-cash impairment charge against our investment in ASIG Thailand and a £1.5 million loss on the closure of a small engineering business.

The change in benefit accrual for the UK defined benefit pension scheme from a final salary basis to a career average re-valued earnings basis took effect from 1 March 2010 and as a result a £3.0 million net curtailment gain was realised in the first half of the year. This has been recognised within underlying profit as it represents a reversal of expenses previously charged to operating profit. The credit has been included within the Aftermarket Services & Systems division since this is largely where the cost had previously been charged. As a result of the changes to benefit accrual, employer cash contribution rates have been reduced by approximately £1 million per annum with effect from July 2010.

[‡] APPH Houston was transferred from APPH to Legacy Support with effect from 1 January 2010 to reflect its focus on legacy platform support. 2009 revenues in Legacy Support and APPH have been restated in these results accordingly.

The 2009 valuation of the UK defined benefit pension scheme was also completed during the year and indicated a £17 million deficit on a funding basis. As previously advised, the Company agreed to commence deficit contribution payments in 2011 with payments of £3.75 million per annum in 2011 and 2012 and £4.75 million in 2013 and 2014. In addition, the Company will pay the scheme expenses (circa £1 million per annum) on an as-incurred basis rather than capitalising them within the deficit as has been the case historically. The next triennial valuation is due to be undertaken during 2012.

The combined accounting deficit for the UK and US pension schemes was broadly unchanged at £34.1 million (2009: £33.2 million). The UK defined benefit pension scheme showed a surplus of £5.2 million on an IAS 19 basis, but this surplus has not been recognised as there is insufficient certainty of the Group realising any benefit from this through a refund or reduced future contributions. Furthermore, a deficit of £15.3 million has been recognised on the UK scheme, reflecting the commitment to make deficit contribution payments as outlined above.

Net debt at the end of the year was £313.9 million (2009: £391.6 million) with a net cash inflow of £89.7 million and an adverse foreign exchange movement of £12.0 million. The key leverage ratio improved significantly to 2.1x from 2.8x at the end of 2009, and interest cover improved to 9.8x (2009: 6.2x).

At the end of the period the Group had \$400 million and €50 million of cross currency swaps. As at 31 December 2010 the mark-to-market loss on these swaps amounted to £55.9 million (2009: £47.7 million). \$100 million of these swaps which were due to mature in April 2011 have been closed out since the year end at a cash cost of £11.3 million. The remaining swaps mature between 2012 and 2013 and we will continue to actively manage our exit from these swap positions.

Going Concern

The directors have carried out a review of the Group's trading outlook and borrowing facilities (as outlined in the section above), 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

Following the 4% increase in the interim dividend the Board is now proposing a final dividend of 5.7p (2009: 5.3p) taking the dividend for the full year to 8.1p (2009: 7.6p), an increase of 7%, reflecting the Board's continued confidence in the Group's prospects and at the same time progressively re-building cover. The Group is proposing to offer a dividend re-investment plan alternative in relation to the 2010 final dividend.

Outlook

As our markets continue their gradual recovery, we expect to make further progress in 2011. The underlying strengths of our business and our organic growth and consolidation opportunities, together with a continued focus on operational improvement, mean that we expect to deliver a strong performance and generate superior returns over the longer term.

Directors' Responsibilities

The responsibility statement below has been prepared in connection with the Company's full annual report for the year ending 31 December 2010. 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 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

1 March 2011

Mark Hoad
Group Finance Director

1 March 2011

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.

This report is available in electronic format from the Company's website, www.bbaaviation.com

Group income statement

for the year ended 31 December 2010

		Underlying*	Exceptional items	2010 Total	Underlying*	Exceptional items	2009 Total
		£m	£m	£m	£m	£m	£m
Revenue	Revenue	1,183.0	-	1,183.0	1,080.8	-	1,080.8
	Cost of sales	(955.7)	-	(955.7)	(875.5)	-	(875.5)
	Gross profit	227.3	-	227.3	205.3	-	205.3
Net operating costs	Distribution costs	(21.0)	-	(21.0)	(18.3)	-	(18.3)
	Administrative expenses	(100.0)	(3.7)	(103.7)	(87.6)	(3.8)	(91.4)
	Other operating income	3.3	-	3.3	0.7	-	0.7
	Share of profit of associates	1.1	-	1.1	1.1	-	1.1
	Other operating expenses	(0.1)	(2.3)	(2.4)	(0.7)	(8.0)	(8.7)
	Restructuring costs	-	(4.2)	(4.2)	-	(6.0)	(6.0)
	Loss on disposal of businesses	-	-	-	-	(0.4)	(0.4)
Operating profit	Operating profit	110.6	(10.2)	100.4	100.5	(18.2)	82.3
	Investment income	4.2	-	4.2	7.9	-	7.9
	Finance costs	(19.4)	-	(19.4)	(30.2)	-	(30.2)
	Profit before tax	95.4	(10.2)	85.2	78.2	(18.2)	60.0
	Tax	(20.3)	0.1	(20.2)	(17.0)	2.5	(14.5)
	Profit for the period	75.1	(10.1)	65.0	61.2	(15.7)	45.5
	Attributable to:						
	Equity holders of the parent	75.2	(10.1)	65.1	61.1	(13.2)	47.9
	Non-controlling interest	(0.1)	-	(0.1)	0.1	(2.5)	(2.4)
		75.1	(10.1)	65.0	61.2	(15.7)	45.5
Earnings per ordinary share		Adjusted		Unadjusted	Adjusted		Unadjusted
	Basic	17.6p		15.2p	14.6p		11.4p
	Diluted	17.0p		14.7p	14.3p		11.2p

* Before exceptional items

Exceptional items are items which are material or non-recurring in nature, costs relating to acquisitions 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 statement of comprehensive income

for the year ended 31 December 2010

	2010 £m	2009 £m
Profit for the year	65.0	45.5
Other comprehensive income:		
Exchange difference on translation of foreign operations	22.8	(121.4)
(Losses) / gains on net investment hedges	(22.3)	100.6
Fair value movements in foreign exchange cash flow hedges	(2.9)	6.9
Transfer to profit or loss from equity on foreign exchange cash flow hedges	3.6	5.6
Fair value movements in interest rate cash flow hedges	(12.7)	0.1
Transfers to profit or loss from equity on interest rate cash flow hedges	6.7	7.7
Actuarial losses on defined benefit pension schemes	(7.0)	(13.4)
Tax relating to components of other comprehensive income	1.3	(3.2)
Total comprehensive income for the period	54.5	28.4
Attributable to:		
Shareholders of BBA Aviation plc	54.6	30.8
Non-controlling interests	(0.1)	(2.4)
	54.5	28.4

Group balance sheet

at 31 December 2010

		2010 £m	2009 £m
Non-current assets	Goodwill	485.0	474.9
	Licences and other intangible assets	95.0	98.1
	Property, plant and equipment	327.5	334.7
	Interests in associates	1.9	1.9
	Trade and other receivables	16.5	18.2
		925.9	927.8
Current assets	Inventories	136.2	137.9
	Trade and other receivables	197.8	194.2
	Cash and cash equivalents	107.7	115.4
	Tax recoverable	0.1	0.2
		441.8	447.7
	Total assets	1367.7	1,375.5
Current liabilities	Trade and other payables	(254.1)	(230.7)
	Tax liabilities	(50.3)	(45.6)
	Obligations under finance leases	(0.9)	(0.9)
	Bank overdrafts and loans	(98.7)	(33.1)
	Provisions	(0.9)	(0.8)
		(404.9)	(311.1)
	Net current assets	36.9	136.6
Non-current liabilities	Bank loans	(319.2)	(469.4)
	Other payables due after one year	(62.8)	(60.8)
	Retirement benefit obligations	(34.1)	(33.2)
	Obligations under finance leases	(2.8)	(3.6)
	Deferred tax liabilities	(42.2)	(29.9)
	Provisions	(19.3)	(20.4)
		(480.4)	(617.3)
	Total liabilities	(885.3)	(928.4)
	Net assets	482.4	447.1
Equity	Share capital	128.7	126.0
	Share premium account	340.7	343.4
	Other reserves	3.9	3.9
	Treasury reserve	(5.8)	(3.2)
	Capital reserve	20.9	19.8
	Hedging and translation reserves	5.6	10.4
	Retained earnings	(9.0)	(51.6)
	Equity attributable to shareholders of BBA Aviation plc	485.0	448.7
	Non-controlling interest	(2.6)	(1.6)
	Total equity	482.4	447.1

Group cash flow statement

for the year ended 31 December 2010

		2010 £m	2009 £m
Operating activities	Net cash flow from operating activities	151.6	178.8
Investing activities	Dividends received from associates	1.1	1.2
	Purchase of property, plant and equipment	(20.4)	(14.2)
	Purchase of intangible assets	(7.4)	(13.6)
	Proceeds from disposal of property, plant and equipment	5.0	0.7
	Acquisition of subsidiaries	(3.6)	-
	Proceeds from disposal of businesses	-	3.7
	Deferred consideration on prior year acquisitions	(1.3)	(2.0)
	Net cash outflow from investing activities	(26.6)	(24.2)
Financing activities	Interest received	3.5	17.5
	Interest paid	(17.8)	(41.3)
	Interest element of finance leases paid	(0.4)	(0.7)
	Dividends paid	(17.4)	(21.9)
	Losses from realised foreign exchange contracts	(0.5)	(1.0)
	Proceeds from issue of ordinary shares	0.1	-
	Purchase of own shares	(2.8)	-
	Decrease in loans	(96.7)	(78.6)
	Decrease in finance leases	(0.9)	(27.2)
	(Decrease) / increase in overdrafts	(5.3)	31.6
	Net cash outflow from financing activities	(138.2)	(121.6)
Cash and cash equivalents	(Decrease) / increase in cash and cash equivalents	(13.2)	33.0
	Cash and cash equivalents at beginning of year	115.4	98.4
	Exchange adjustments	5.5	(16.0)
	Cash and cash equivalents at end of year	107.7	115.4
Net debt	Net debt at beginning of year	(391.6)	(554.4)
	(Increase) / decrease in cash and cash equivalents	(13.2)	33.0
	Decrease in loans	96.7	78.6
	Decrease in finance leases	0.9	27.2
	Decrease / (increase) in overdrafts	5.3	(31.6)
	Exchange adjustments	(12.0)	55.6
	Net debt at end of year	(313.9)	(391.6)

Group statement of changes in equity

for the year ended 31 December 2010

	Share capital	Share premium	Retained earnings	Other reserves	Non- controlling interests	Total equity
	£m	£m	£m	£m	£m	£m
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 dividends	-	-	(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
Balance at 1 January 2010	126.0	343.4	(51.6)	30.9	(1.6)	447.1
<i>Total comprehensive income for the period</i>	-	-	59.4	(4.8)	(0.1)	54.5
Equity dividends	-	-	(17.4)	-	-	(17.4)
Issue of share capital and scrip dividend	2.7	(2.7)	-	-	-	-
Movement on treasury reserve	-	-	-	(2.8)	-	(2.8)
Credit to equity for equity-settled share-based payments	-	-	-	2.4	-	2.4
Changes in non controlling interests	-	-	(0.5)	-	(0.9)	(1.4)
Transfer to retained earnings	-	-	1.1	(1.1)	-	-
Balance at 31 December 2010	128.7	340.7	(9.0)	24.6	(2.6)	482.4

Notes to the financial statements

1. Segmental Information

Business Segments	Flight Support £m	Aftermarket Services & Systems £m	Total £m	Unallocated corporate £m	Total £m
2010					
External revenue	741.6	441.4	1,183.0	-	1,183.0
Underlying operating profit	73.4	48.0	121.4	(10.8)	110.6
Exceptional items	(5.3)	(4.3)	(9.6)	(0.6)	(10.2)
Segment result	68.1	43.7	111.8	(11.4)	100.4
<i>Underlying operating margin</i>	9.9%	10.9%	10.3%	-	9.3%
Other information					
Capital additions	9.9	13.0	22.9	-	22.9
Depreciation and amortisation	29.0	12.2	41.2	1.0	42.2
Balance sheet:					
Total assets	790.2	459.3	1,249.5	118.2	1,367.7
Total liabilities	(114.8)	(98.5)	(213.3)	(672.0)	(885.3)
Net assets	675.4	360.8	1,036.2	(553.8)	482.4
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	1,032.6	(585.5)	447.1

Notes to the financial statements (continued)

Geographical Segments

	Revenue by destination	Revenue by origin	Capital additions	Non current assets
	£m	£m	£m	£m
2010				
United Kingdom	140.7	214.4	4.7	103.0
Mainland Europe	86.7	28.4	0.2	28.9
North America	896.5	936.9	18.0	790.0
Rest of World	59.1	3.3	-	4.0
Total	1,183.0	1,183.0	22.9	925.9
2009				
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

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

	Revenue from sales of goods		Revenue from services	
	2010	2009	2010	2009
	£m	£m	£m	£m
Flight Support	431.2	343.1	310.5	300.7
Aftermarket Services and Systems	119.0	121.5	322.3	315.5
Total	550.2	464.6	632.8	616.2

2. Basis of preparation

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2010 or 2009, but is derived from those accounts. Statutory accounts for 2009 have been delivered to the Registrar of Companies and those for 2010 will be delivered following the company's annual general meeting on 4 May 2011. The auditor has reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006.

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 2010. The BBA Aviation accounting policies under IFRS are as reported in the annual financial statements for the year ended 31 December 2009, as published by the Company on 25 February 2010.

3. Net capital expenditure	2010	2009
	£m	£m
Net capital expenditure	22.8	18.0
Net cash capital expenditure to depreciation - times	0.6	0.5
Excludes £nil million (2009: £9.1 million) of expenditure on Ontic licences. This expenditure was considered to be more akin in nature to acquisitions than capital expenditure.		
4. Number of employees	2010	2009
At 31 December	10,049	9,540

Notes to the financial statements (continued)

5. Earnings per share

	2010 £m	2009 £m
Earnings		
Basic:		
Basic earnings attributable to ordinary shareholders	65.1	47.9
Exceptional items (net of tax)	10.1	13.2
Adjusted earnings	75.2	61.1
Diluted:		
Diluted earnings attributable to ordinary shareholders	65.1	47.9
Exceptional items (net of tax)	10.1	13.2
Adjusted diluted earnings	75.2	61.1
	Millions	Millions
Weighted average number of 29 16/21p ordinary shares:		
Basic	427.7	418.4
Diluted	441.7	428.2

Earnings per share:

Basic:		
Adjusted	17.6p	14.6p
Unadjusted	15.2p	11.4p
Diluted:		
Adjusted	17.0p	14.3p
Unadjusted	14.7p	11.2p

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.

The dilutive earnings per share for the comparative period has been restated due to an adjustment required for the expected exercise of share options.

6. Taxation

	2010 £m	2009 £m
Current tax	12.4	11.5
Adjustments in respect of prior years - current tax	(4.5)	0.7
Deferred tax	8.0	3.9
Adjustments in respect of prior years - deferred tax	4.3	(1.6)
Income tax expense for the year	20.2	14.5

Notes to the financial statements (continued)

	2010	2009
	£m	£m
7. Cash flow from operating activities		
Operating profit	100.4	82.3
Share of profit from associates	(1.1)	(1.1)
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Profit from operations	99.3	81.2
Depreciation of property, plant & equipment	33.6	35.2
Amortisation of intangible assets	8.6	7.4
Profit/(loss) on sale of property, plant & equipment	(3.0)	0.2
Share based payment expense	2.0	2.5
Decrease in provisions	(1.1)	(0.7)
Pension scheme payments	(3.5)	(2.7)
Other non-cash items	(0.4)	1.9
Unrealised foreign exchange movements	2.8	1.7
Non-cash impairments	-	5.4
Gain on disposal of businesses	-	0.4
<hr/>		
Operating cash flows before movements in working capital	138.3	132.5
Decrease in working capital	15.9	57.9
<hr/>		
Cash generated by operations	154.2	190.4
Income taxes paid	(2.6)	(11.6)
<hr/>		
Net cash flow from operating activities	151.6	178.8
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Dividends received from associates	1.1	1.2
Purchase of plant, property and equipment	(20.4)	(14.2)
Purchase of intangible assets [†]	(7.4)	(4.5)
Proceeds from disposal of property, plant and equipment	5.0	0.7
Interest received	3.5	17.5
Interest paid	(17.8)	(41.3)
Interest element of finance leases paid	(0.4)	(0.7)
<hr/>		
Free cash flow	115.2	137.5

† In the prior year the purchase of intangible assets excluded £9.1million 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. No similar licences were acquired in 2010.

Notes to the financial statements (continued)

8. Exceptional items

Exceptional items included within operating profit amounted to a charge of £10.2 million (2009: £18.2 million). The main items included within this are:

- **2010: Administrative expenses** of £3.7 million related to amortisation of intangible assets acquired and valued in accordance with IFRS 3. **Restructuring costs** of £4.2 million associated primarily with the closure of APPH Bolton of £2.5 million and severance costs at Dallas Airmotive of £1.5 million. **Other operating expenses** of £2.3 million includes acquisition costs of £1.5 million of which £1.4m related to acquisitions made in prior years and other costs of £0.8 million which include costs related to businesses previously disposed of.

- **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.

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

9. Acquisitions and disposals

On 10 June 2010, the Group acquired 100 percent of the issued share capital of SAS Ground Services UK Limited. The cash consideration for the business amounted to £2.5m, with a maximum deferred cash consideration of £0.2m. The directors performed an exercise to establish the fair value of the assets and liabilities of the acquisition. The fair value of the net assets acquired was £3.5 million and the gain arising on the acquisition was £0.8 million.

In the period from acquisition to 31 December 2010, the revenue from the acquisition was £10.6 million and would have been approximately £19.0 million if the acquisition had completed on 1st January 2010. Contribution to profit for the period was £1.4 million.

There were no acquisitions in the prior year.

Two businesses were disposed of during the prior 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 2010 for the UK Income and Protection Plan is estimated based on the results of latest actuarial valuation at 31 March 2009, with assumptions updated to reflect market conditions at 31 December 2010 where appropriate. The defined benefit plan assets have been updated to reflect their market value as at 31 December 2010.

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 2010 the update of the actuarial valuation of the UK and US defined benefit schemes indicated a net deficit of £34.1 million (2009: net deficit of £33.2 million). At 31 December 2010 the update of the actuarial valuation of the UK Income and Protection Plan indicated a net surplus of £5.2 million. In accordance with IAS 19, IFRIC 14 and the Group's accounting policies, the actuarial gain was restricted and no asset was recognised in the balance sheet. Furthermore, a deficit of £15.3 million has been recognised on the UK scheme, reflecting the commitment to make deficit contribution payments.

11. Dividends

The directors propose that a final dividend of 5.7 pence per share will be paid to shareholders on 8 June 2011. This dividend is subject to approval by shareholders at the Annual General Meeting and in accordance with IAS 10 "Events after the reporting period" 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 15 April 2011. The total estimated dividend to be paid is £22.4 million

Dividend payments to minority shareholders during the year totalled £0.1 million (2009: £0.1 million).

12. Events after the Reporting Period

As separately announced today, the following acquisitions have taken place.

The Legacy Support Group, part of BBA Aviation's Aftermarket Services and Systems division has reached agreement to acquire the business and certain assets of GE Aviation Systems Limited's fuel gauging and fuel measurement systems business (the "Business") for \$62.5 million, subject to a completion adjustment up to a maximum of an additional \$1.15m. The Business generated \$43.2million in revenues and \$9.7million of EBITDA in the year to 31 December 2010.

Signature has acquired substantially all of the assets of Yellowstone Jet Centre, an FBO operating at Gallatin Field Airport in Bozeman, Montana for a consideration of \$10.5 million. The Yellowstone Jet Centre generated approximately \$4.9 million in revenues in the year to 31 December 2010.

Due to the timing of the acquisitions, the results of the preliminary fair value exercise will be presented in the 2011 interim statement.