

5 November 2014

## Meggitt PLC

### Interim management statement

Meggitt PLC (“Meggitt” or “the Group”), a leading international company specialising in high performance components and sub-systems for the aerospace, defence and energy markets, today issues the following interim management statement. This statement covers the period from 1 July 2014 to 4 November 2014 and constitutes Meggitt’s second 2014 interim management statement as required by the UK Listing Authority’s Disclosure and Transparency Rules.

Underlying trading during the period has been broadly in line with expectations, with organic (excluding the effects of M&A and foreign exchange) revenue growth in the third quarter of 5%. This comprised very strong growth in civil original equipment (up 18%); the expected continuing recovery in civil aftermarket resulting in 4% growth; and a return to growth in military (up 5%), offsetting a 7% decline in energy as the previously announced deferral of revenue into 2015 took effect. Total reported revenue in the third quarter declined by 2%, with the organic growth being more than offset by the net adverse impact of foreign exchange translation, acquisitions and disposals.


The Group anticipates further improvement in the civil aftermarket for the remainder of the year, although we expect that the very strong rate of growth seen in civil original equipment in the third quarter will moderate. We have seen good progress in military since the first-half results, with the level of arrears related to the lack of availability of US government inspectors declining. However, the issue is not yet fully resolved and we do not anticipate any further catch-up in the fourth quarter. In energy, we do not yet have full clarity on the impact of the financial difficulties being experienced by our Brazilian local content provider, but based on current projections we assume a further \$10m of revenue will be delayed from 2014 into 2015.

As a result of the above, the 5% organic growth rate seen in the third quarter is expected to moderate in the final quarter.

Based on current projections, and taking into account the continued uncertainty in military markets and timing of energy contracts, the Group expects percentage organic revenue growth in the low to mid-single digits in 2015.

The financial position of the Group is very strong. Our capital deployment priorities remain:

- investing to drive organic growth and operational efficiency;
- growing the dividend in line with earnings through the cycle;
- targeted, value-accretive acquisitions in our core markets; and
- maintaining an efficient balance sheet.



Given our strong track record of cash generation and net debt reduction even in periods of elevated organic investment, the additional financial covenant flexibility afforded by the recent refinancing and the current lack of sizeable acquisition opportunities which meet our strict investment criteria, the Board believes that maintaining a normal net debt/EBITDA ratio of between 1.5x and 2.5x is appropriate, while maintaining flexibility to move outside either end of that range if appropriate.

The Group will therefore commence a share buyback programme on 6 November 2014 with the intention of achieving a ratio at or slightly above 1.5x net debt/EBITDA by the end of 2015. The Board will continue to evaluate future M&A and growth opportunities, and the potential for further capital returns, on an ongoing basis.

Consistent with introducing the buyback programme, the Board has determined that a dividend reinvestment plan will be offered instead of a scrip dividend.

A conference call for investors and analysts will be held at 9am GMT on 5 November 2014. The call will be hosted by Stephen Young, Chief Executive, Doug Webb, CFO, and Richard Cashin, Group Head of IR. The dial-in numbers are:

From the UK: 0800 368 0649

International: +44 (0)203 059 8125

The participant code is Meggitt. The call will be recorded and available for playback at [www.meggitt.com](http://www.meggitt.com) for seven days after the event.

#### ENQUIRIES

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#### Cautionary statement

This interim management statement, including information included or incorporated by reference in this interim management statement, may contain forward-looking statements concerning Meggitt PLC or its group. Generally, the words "will", "may", "should", "continue", "believes", "expects", "intends", "anticipates" or similar expressions identify forward-looking statements. Such forward-looking statements involve risks, uncertainties and other important factors which could cause the actual results, performance or achievements of the Meggitt group or the market and economies in which the Meggitt group operates to be materially different from those expressed or implied by such forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the ability of Meggitt PLC or its directors to control or estimate precisely, such as future market conditions and the behaviours of other market participants, and therefore undue reliance should not be placed on such statements, which speak only as at the date of this interim management statement. Neither Meggitt PLC, nor any of its group undertakings, nor the directors of any of them, assumes any obligations to, and do not intend to, update these forward-looking statements, except as required pursuant to applicable law.

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