Meggitt Investor Day

Stephen Young, Chief Executive

19 April 2016

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Agenda

9.15am	Opening remarks	**Stephen Young**
9.20am	Customer Services & Support	**Lorraine Rienecker**
10.20am	Applied Research & Technology	**Chris Allen & Keith Jackson**
11.00am	Coffee break	
11.20am	Meggitt Aircraft Braking Systems	**Luke Durudogan**
12.10pm	Meggitt Polymers & Composites	**Mel Hilderbrand**
1.00pm	Closing remarks	**Stephen Young**
1.10pm	Lunch and technology demo	
2.00pm	Site tour brief	**Chris Hopper**
2.15pm	Bus departs for site tour	
3.45pm	Bus departs from site tour	

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Meggitt business model

Capturing medium-term growth

- Smart engineering for extreme environments
  - Invest in industries with high certification requirements/long life assets
  - Where equipment works in harsh environments
  - Aerospace defence and energy focus
- Secure enduring/profitable income streams
  - Create proprietary product and manufacturing technology
  - Win life of programme OE contracts, preferably on a sole source basis
  - Up-front investment delivers strong long term returns
  - Participation in multi-decade spares and repairs cycle
- Long cycle business

Achievements

- Growing fleet / growing content
- MPS – record quality and delivery performance
- CSS – response to changing market
- R&D – record level of investment
  - more co-ordinated approach
- Strategic M&A; dispose non-core assets

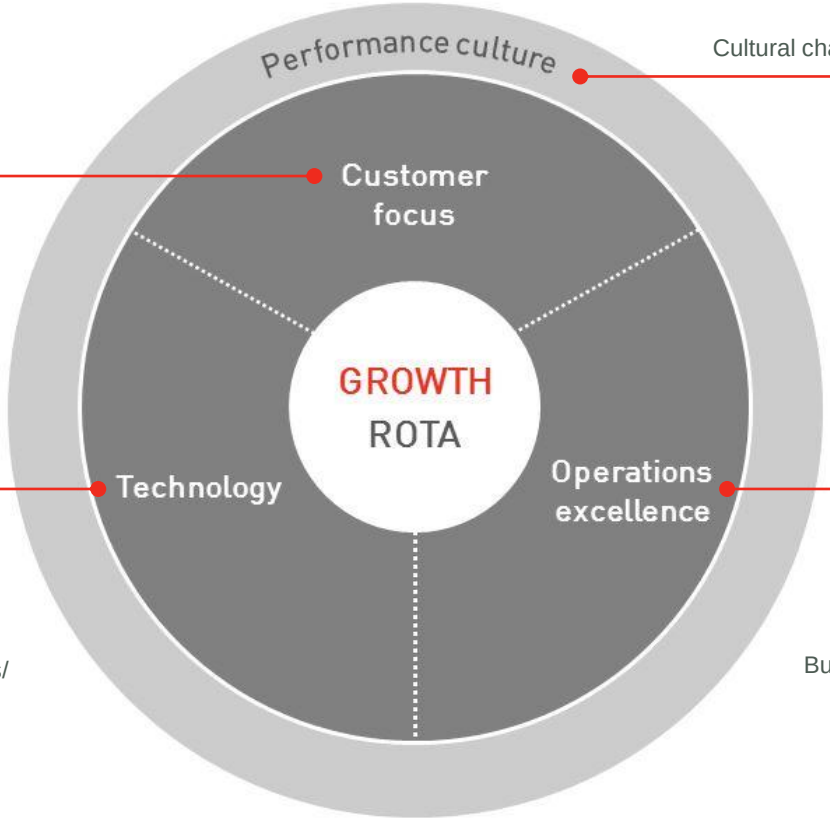
Strategic priorities

Breakthrough objectives link to our strategic priorities

Programme Management
Deliver new programmes on time/to cost

CSS Transformation
Generate new revenues and mitigate spares leakage

MPS
Cultural change programme



AR&T
Develop next generation technologies

Composites Integration
Integrating composites acquisitions/ deliver targetted returns

Accelerating MPS
Deliver higher organic growth/ better ROI

Supply Chain Management
Building a robust and high performing supply chain

Footprint Optimisation
Deliver scale economies

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Customer Services & Support

Lorraine Rienecker, President

19 April 2016

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Agenda

1 | Customer Services & Support

2 | Market Trends

3 | Strategic Priorities

4 | Summary

A centralised service offering for Meggitt's civil and military aerospace aftermarket

A full-service offering from sales through order fulfilment and customer/product support

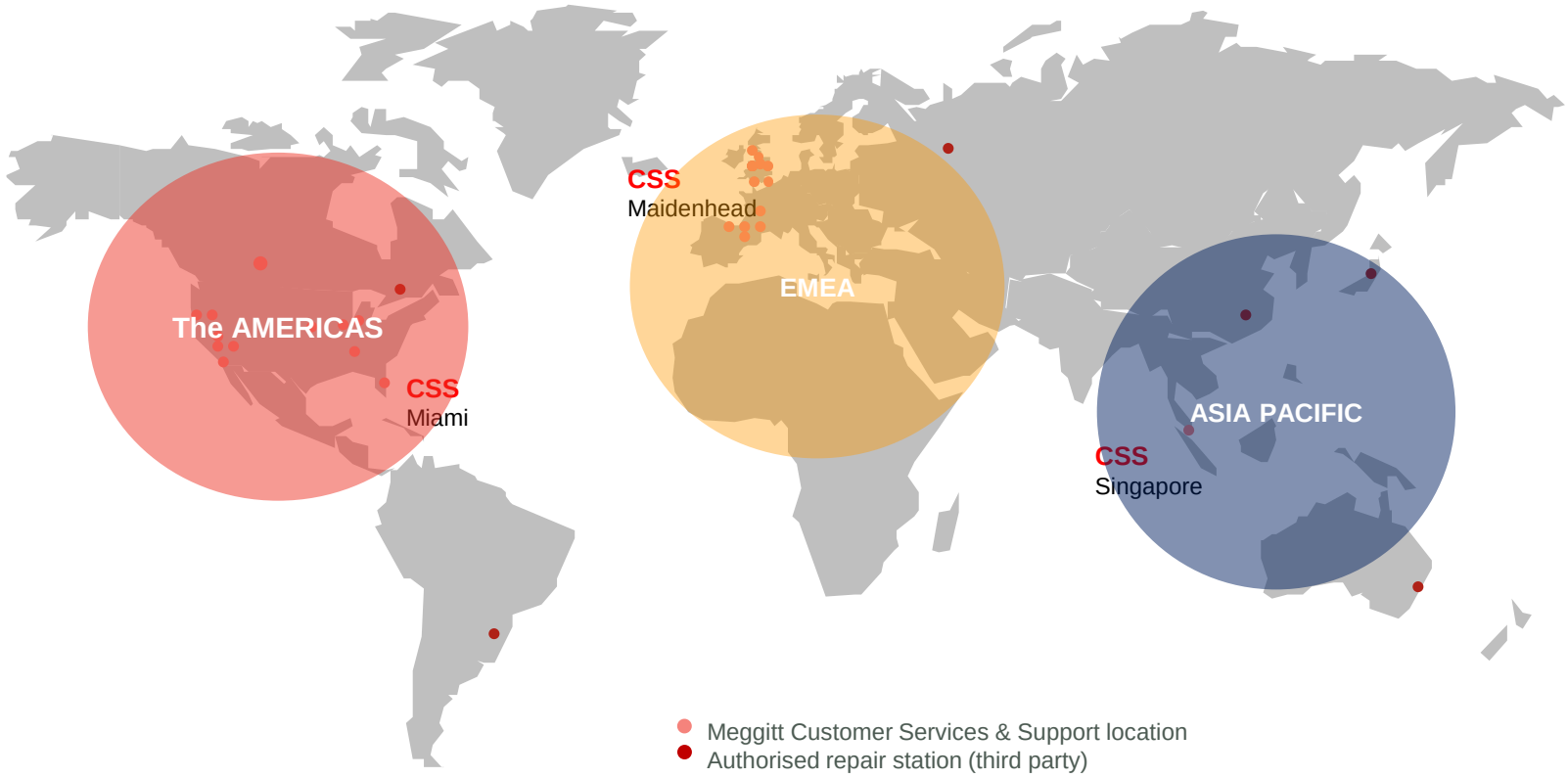
Over £310m[1] in sales and close to 500 people across 24 sites

Aircraft Braking Systems	Sensing Systems	Polymers & Composites	Control Systems
» Dual-source civil wheel & brake systems	» Condition monitoring systems » Sensors » Avionics » Power systems and components	» Seals » Composites » Fuel bladders (civil only)	» Thermal management » Fluid & pneumatic control » Electromagnetic control » Safety systems » Ground fuelling

Notes: 1. Close to 45% of total Meggitt aerospace aftermarket
2. Excludes MABS sole-source W&Bs, MPC Military fuel bladders and all MEG

CSS aftermarket facilities

A global footprint with three core regional hubs



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CSS vision

Building a service organisation and culture

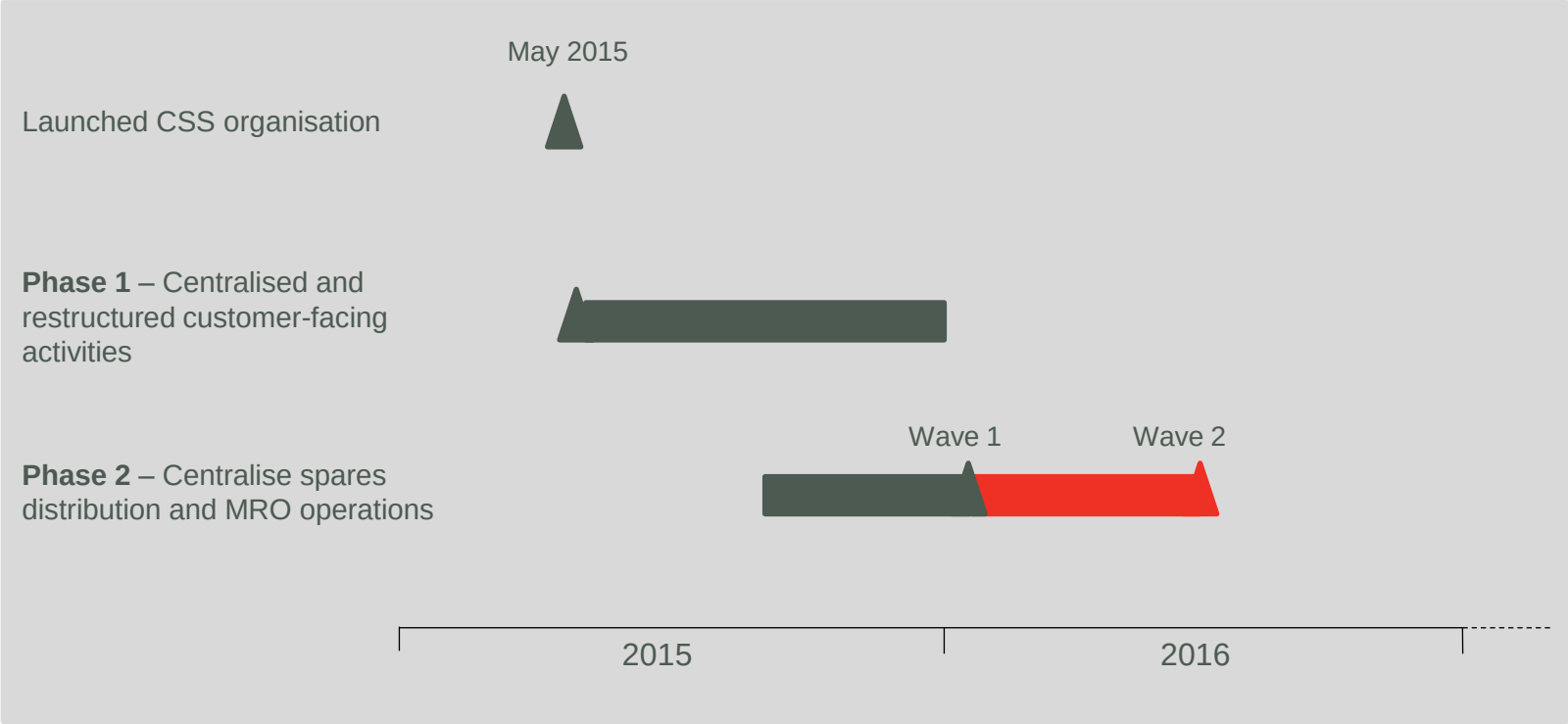
To be a proactive aftermarket organisation providing world-class customer service and support for Meggitt products

To support Meggitt's integrated lifecycle model

Underpinned by a strong service culture

High-level transition plan

A two-phased approach



Agenda

1 | Meggitt Aftermarket

2 | **Market Forecast and Trends**

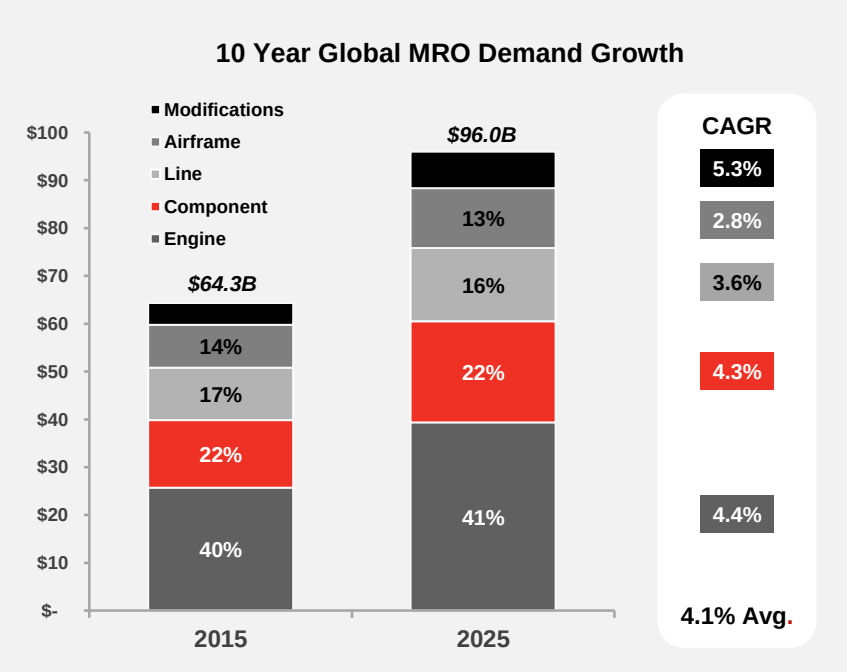
3 | Strategic Priorities

4 | Summary

Macro trends in the commercial aftermarket remain strong

Key trends

- Global capacity (ASK) growth is expected to remain strong at 5% CAGR over the next decade
  - Achieved 5.6%[1] growth in 2015
  - IATA forecasting 7% growth in 2016
- The Commercial Transport fleet is projected to grow at 3.4% over the next decade
- Global MRO expected to grow by 4.1% per annum over next decade, with components growing at 4.3%

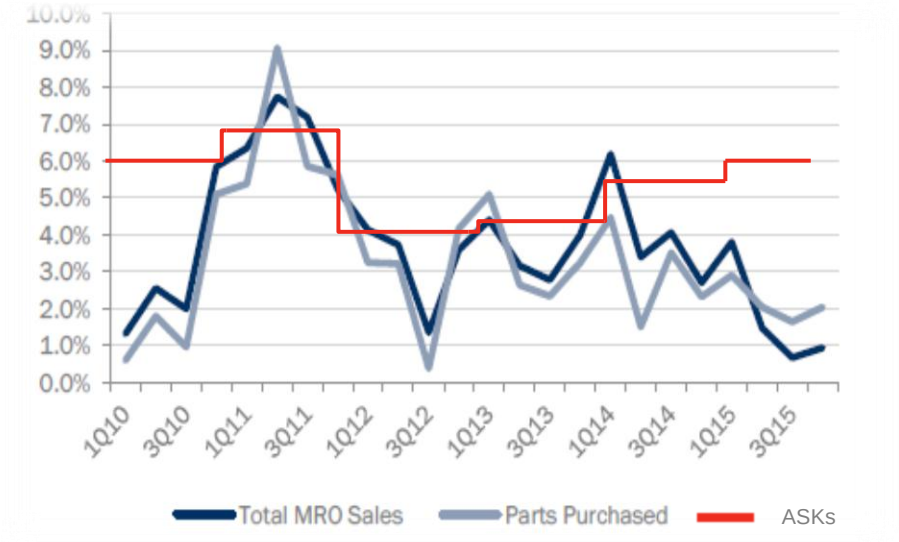


Source: ICF International, forecast in $US constant dollars

Source: 1. IATA

In the short term however, key structural and cyclical trends continue to impact aftermarket performance

MRO Demand Growth vs. Global Capacity (ASK) Growth



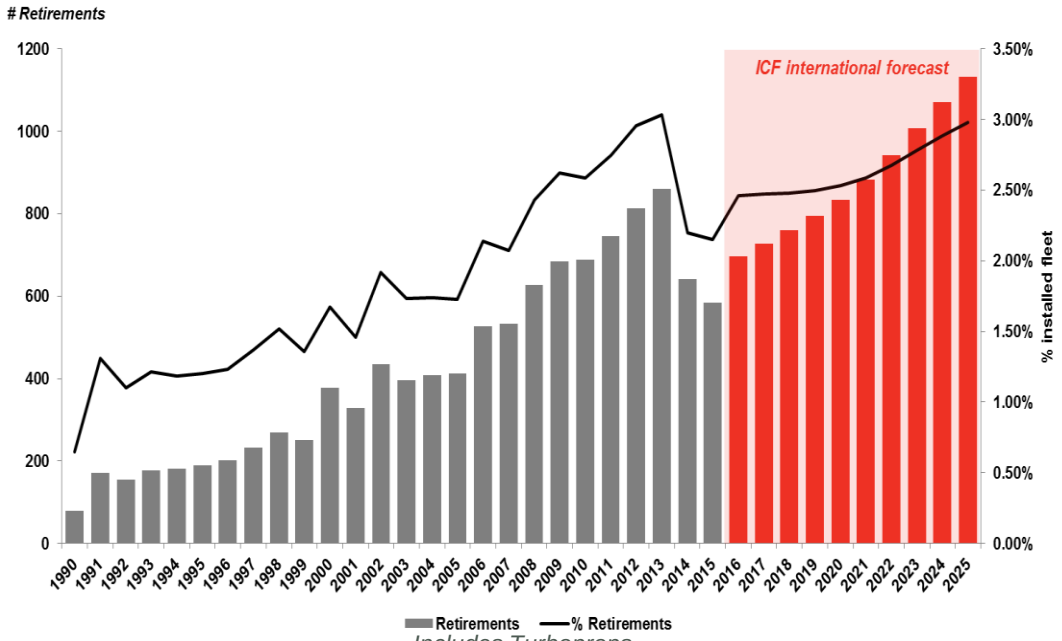
Source: Canaccord Genuity estimates

Key trends

1. Retirements and falling average age of an aircraft in the fleet
2. Availability and use of alternatives to new parts
3. Industry restructuring and evolving business models
4. Pooling of inventories
5. Deferred maintenance due to improving reliability and better data

Retirements, as a percentage of the active fleet, are expected to grow for the next decade

Air Transport Annual Aircraft Retirements



Includes Turboprops

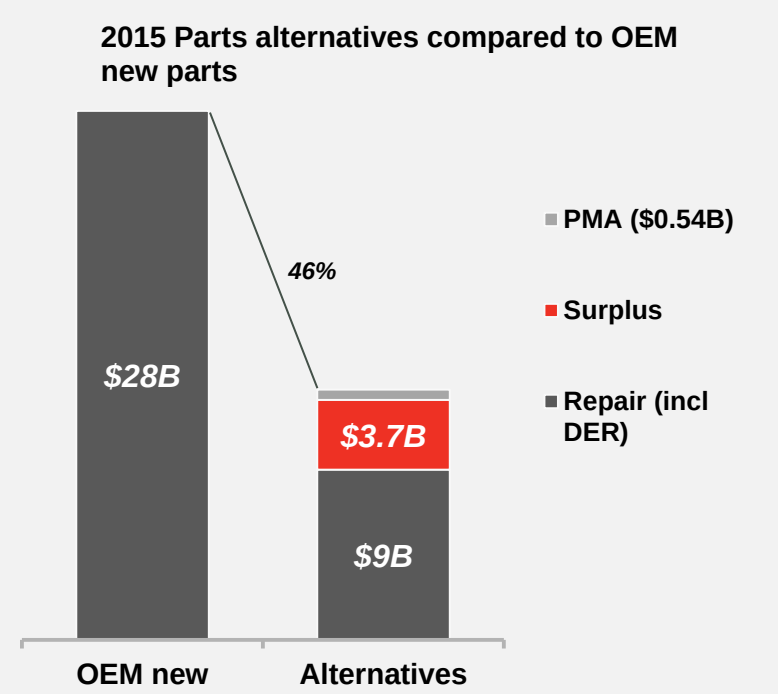
Source: Flight Global ACAS June 2015, Airline Monitor, ICF International Analysis

Key trends and highlights

- Sustained low oil prices have reduced premature retirements and are expected to provide some benefit
- High replacement of aircraft from the previous cycles
- Retirement of very old aircraft is further reducing the average age of the fleet
- 45-50% of new aircraft deliveries will be for replacement, vs. the historical norm of ~20%

Insight: Retirement of very old aircraft and a younger fleet are impacting demand for maintenance

In 2015 operators spend almost 50% on alternatives, as they spent on new OEM parts



Source: ICF International

Surplus

- Majority of surplus parts now coming from aircraft part-outs (Used Surplus Material) not airline inventories
- Component surplus accounts for 30% of total surplus and is projected to grow at 4.1% CAGR over the next decade
- ~80% of airlines now have an active surplus strategy
- Surplus demand is greatest in mature and sunset phases of lifecycle

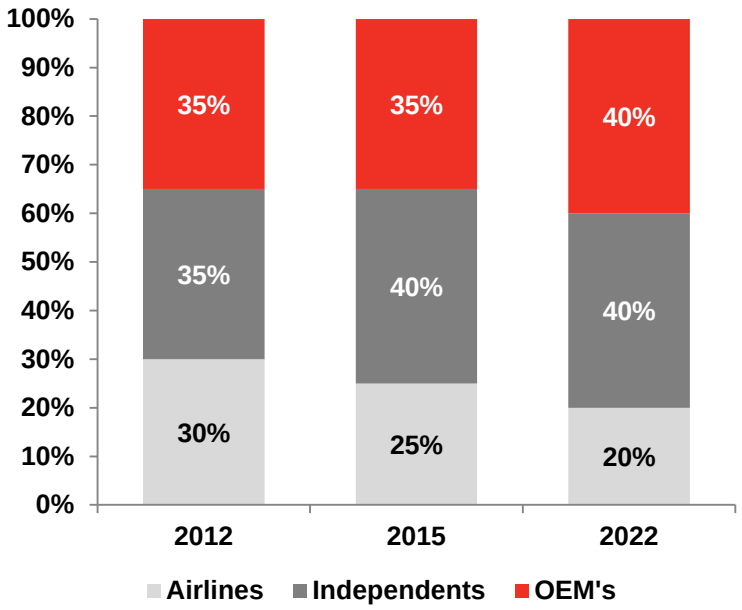
Repairs

- Repairs are projected to grow at 5.2% CAGR over the next decade

Insight: Growing participation in USM and MRO to mitigate leakage, access growth and product demand, value and performance

Restructuring and changing business models are increasing competition, as the aftermarket matures

Component MRO by supplier type



Source: ICF International, forecast in $US constant dollars

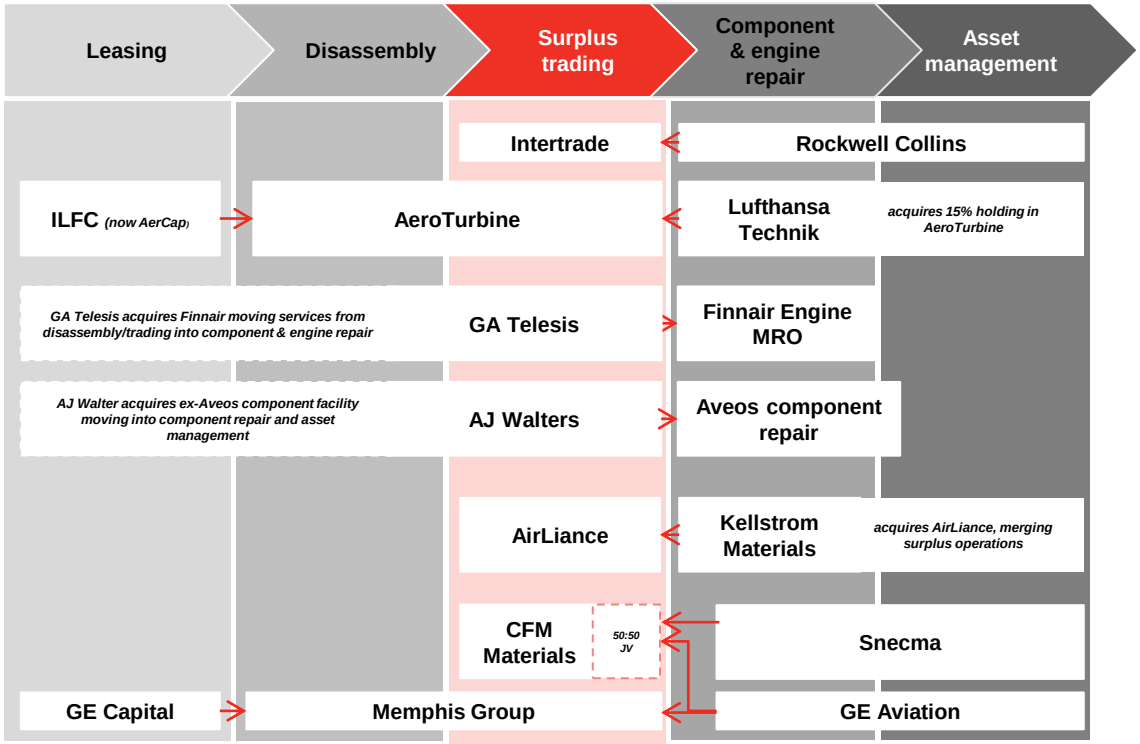
Key trends and highlights

- Airlines are continuing to outsource
- Airline in-house MROs are increasingly focused on RONA, driving asset utilisation and cost reductions
- Independents/Integrators are actively investing to secure nose-to-tail and integrated component service contracts
- Airframe and engine OEMs are aggressively targeting aftermarket with comprehensive ‘care’ programmes and PBH contracts
- Resulting in an increased proportion of component MRO flowing through either the airframe/engine OEMs or integrators

Insight: Strong partnerships and performance are required for Tier 2s to access market and remain competitive

Consolidation is resulting in a new set of players focused on asset utilisation and management

Surplus Parts Supply Chain Evolution



Source: ICF International and Meggitt analysis

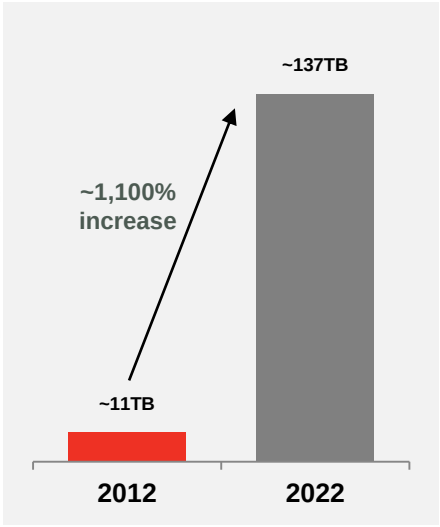
Key trends and highlights

- Strong financial backing
- Able to offer integrated component support packages
- PBH contracts
- Pooling inventories across operators to reduce costs and support packages

The increasing availability of performance data is enabling operational improvements and cost reductions

Number of health monitoring parameters

Aircraft data generation (TB/Year)



Source: ICF International

Key highlights

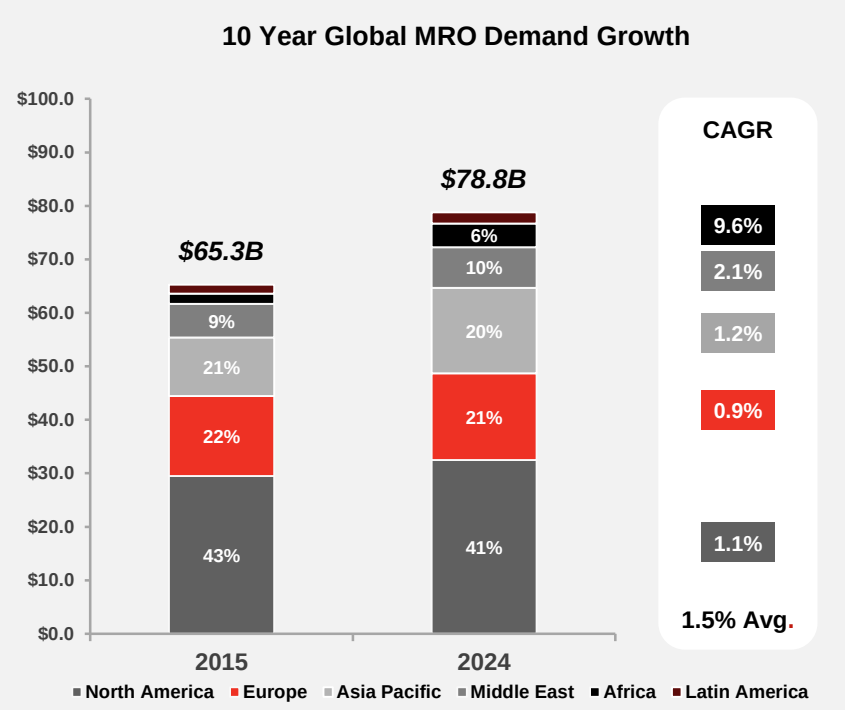
- Years of performance data and better than planned reliability, are resulting in deferred maintenance intervals
- Engine OEMs are reducing the number of engine overhauls to manage costs under PBH contracts
- Delta Airlines have reduced maintenance costs per flying hour by 20% since 2008

Insight: Access to performance data is increasingly important to delivering product improvements

Commercial market summary

Key trends	Key insights
Availability and use of alternative parts (USM and repairs)	Participation in USM and MRO required to mitigate leakage and access growth
Industry restructuring continues to drive competition and efficiency improvements – Pooling of inventories – Deferred maintenance	Strong partnerships with OEMs and Integrators required to access market Strong quality, cost & delivery performance capability required to remain competitive
Increasing availability of performance data is enabling operational improvements	Ability to access and analyse performance data is increasingly critical to delivering product improvements

Global Military MRO is forecast to grow at 1.5% over the next decade



Source: ICF International, forecast in $US constant dollars

Key highlights and trends

- Strong growth in Asia and parts of the Middle East on the back of recent conflicts
  - Increasing global MRO capability for F35
- US DOD FY17 O&M budget request 2.7% above FY16 budget, with increases across all Forces
- Overall fleet growth of 1% projected across the period
- Consolidation into fewer larger platforms
  - A significant shift in key platforms, with growth in new platforms offsetting retirements
- Military continues to slowly emulate the civil model of outsourcing and drive for cost reduction

Insight: Opportunity to target outsourcing and capture incremental growth

Agenda

1 Meggitt Aftermarket

2 Market Trends

3 **Strategic Priorities**

4 Summary

Strategic Priorities – the Vital Few

- Deliver our transformation
  - Complete operations transition to CSS by end Q2
  - Develop and implement critical enablers – Financial model, communications, resources and data systems

KPI: Milestone targets

- Mitigate leakage and drive top-line growth
  - Build a surplus trading capability
  - Strengthen our partnerships to secure access to market
  - Pro-actively target retrofit, modifications and upgrades

KPI: Revenue targets

- Improve our performance
  - Optimise our distribution and operations footprint
  - Continue to drive operational performance improvements using the Meggitt Production System
  - Strengthen our commercial capability and protect our Intellectual Property

KPIs: Performance metrics & profit targets

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1 | Meggitt Aftermarket

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4 | **Summary**

Summary

Addressing the key aftermarket value drivers

- Building a pro-active aftermarket organisation to mitigate leakage and drive growth
  - Transfer of operations will be completed by end of Q2 2016
  - Development of tools and processes well underway and KPIs established

- Addressing the key aftermarket value drivers
  - Participating in the surplus market
  - Strengthening our partnerships
  - Growing our MRO capability
  - Pro-actively targeting RMUs and repair schemes
  - Optimising our distribution and MRO footprints

We are on track to mitigate short-term weakness and exceed market growth in the medium term

Questions?

Meggitt Applied Research & Technology

AR&T Showcase

Chris Allen
Group Director, Engineering Programmes and Strategy

19 April 2016

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AR&T Strategy

smart engineering for extreme environments

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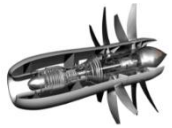
Gas turbine technology roadmap

2016-2018…….. 2020 …….. 2025 …….. 2030 …….. 2035

- Rolls-Royce middle of market
- GE Next Gen
- Rolls-Royce Open Rotor
- P&W Reverse flow
- AETP engine

- GE 9x
- Rolls-Royce Advance
- ITEP
- Rolls-Royce Ultra
- SNECMA Open Rotor
- Electric Fan



STRATEGIC THEMES → TRL 6 - Achieved →

Thermal management systems	Next Gen S&T, P&F	ALM Coolers [ATI] ALM Structural Coolers [NIPSE] Active control replacement for thermal and pressure relief valves (Smart Valves)	Engine mounted 2 phase cooling system [NIPSE]	Smart sub-systems Prognostics
Air systems	Next Gen High Temp Smart Valves (servo) High Temp Solenoid	Low-noise bleed (ALM) Multiple valve parts as one ALM assembly High Temp body material (CMC) High Temp electromagnetic(servo)	High Temp Smart Valves (distributed computing sub-system)	First Meggitt full engine fluid sub-system (air, fuel or oil)
Smart composite systems	Reduced touch build Lower power ice protect New part offerings e.g. liners, stator vanes, spinners, panels etc.	Electronics enclosures Out of autoclave Next Gen ice management Acoustic liners with integral ice protection Embedded sensors Structural monitoring Zero touch build CMCs for Sub-assemblies	Multi-functional morphing Composites	Smart sub-systems
Sensing and actuation	Health-ready pressure sensor and accelerometer Mass fuel flow Tip clearance with microwave technology	Fluid level with TDR Lead-free high temp piezoceramics	Sensor multiplexing High-temp combined static/dynamic pressure sensor Next-gen temp and speed sensors	Optical sensors (fire, temp, pressure, strain etc)	Harvesting sensors Wireless sensors
Health monitoring	Tip timing (time of arrival) with microwave/eddy current technology	Oil quality with time domain reflectometry	High-temp small, light Vibration Node Unit Gearbox monitoring Embedded sensors	Wireless sensors Virtual machine EMU Active surge management	Smart sub-systems

Manufacturing Technology

Closed Loop Adaptable Automated Workbench

Meggitt Applied Research & Technology

AR&T Showcase

Keith Jackson, Chief Technology Officer

19 April 2016

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Aircraft Technology Roadmap

2020 ..... 2025 ..... 2030 ..... 2040 ..... 2050 .....

Refresh of existing airframes – B737Max
Airbus A320Neo Step1 and Step 2

Domestic UAVs

Electric aircraft I

Next generation single aisle

Electric aircraft II

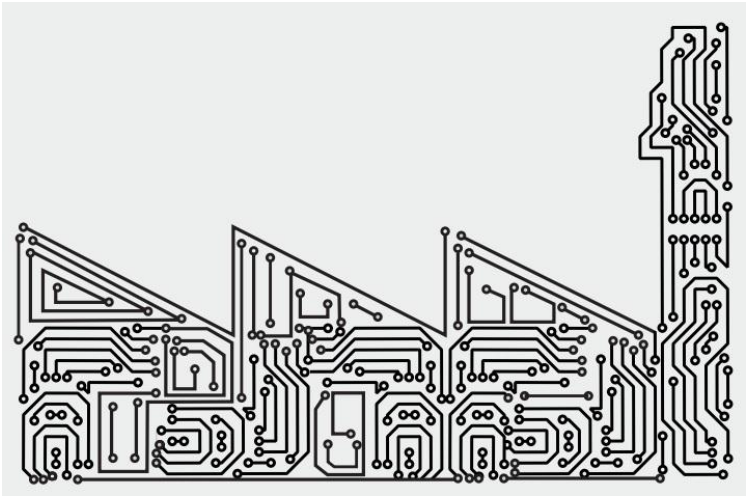
Low orbit Skylon

Strategic themes	TRL6 - 2020	TRL6 – 2025	TRL6 - 2030	TRL6 – [2035-2040]	TRL6 – [2045-2050]
Thermal management systems	Lightweight Green Suppression Next Generation Smoke Detector Next Generation Controller	Optical Fiber Temperature Sensing for Engine Fire Detection/Bleed Air systems	Integrated Smoke / Combustion Gas Detector	Hidden Fire Detection System Wire bundle thermal monitoring system	Smart Systems
Fire/Overheat Protection					
Power systems					
Smart composite systems					
Sensing and actuation					
Avionics					
Landing systems					
Fuel containment systems					
Sealing solutions					

Manufacturing Technology

IM4AGINE

The power of intelligent manufacturing



CLAAW

Meggitt and AMRC

M4

Meggitt, AMRC, IBM and MTC

AR&T Office

Coventry

GAINS – *Green Anti-Ice Novel Systems*

MPC – Loughborough

Critical to safety: 100% reliable in all conditions

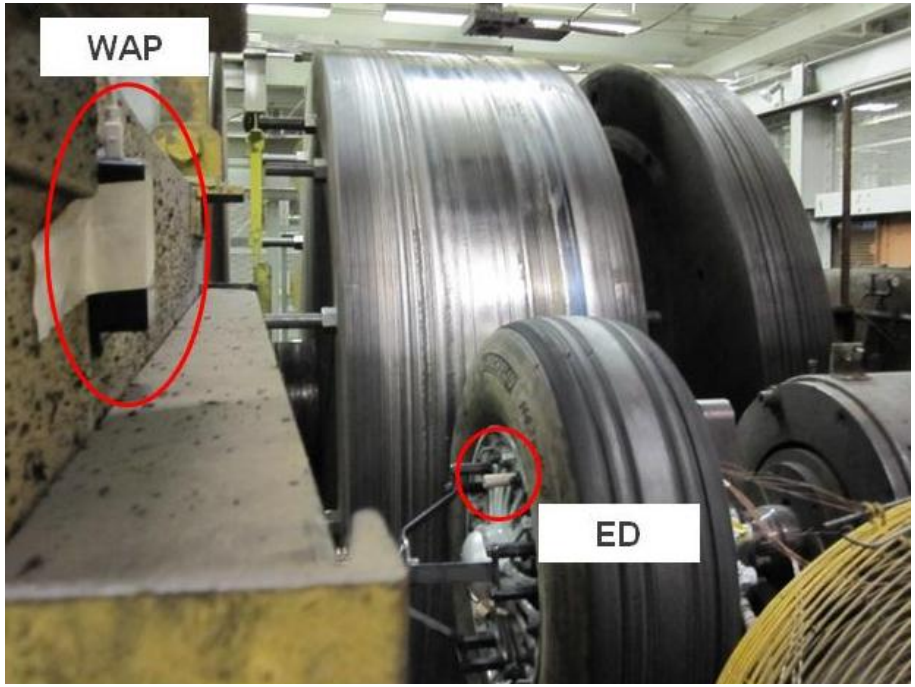
Electro-thermal Leading edge
Wind Tunnel Test

Bombardier Global 5000
Flight Test

WAITIPS – *Wireless Aircraft Tire Pressure Sensing*

MSS – Fribourg

Harsh environment: -55C to 160C – flight after flight



Dynamometer Test

WAITIPS being fitted

High Temperature Solenoid

MCS – Coventry

Keystone technology for electric sensors and actuators

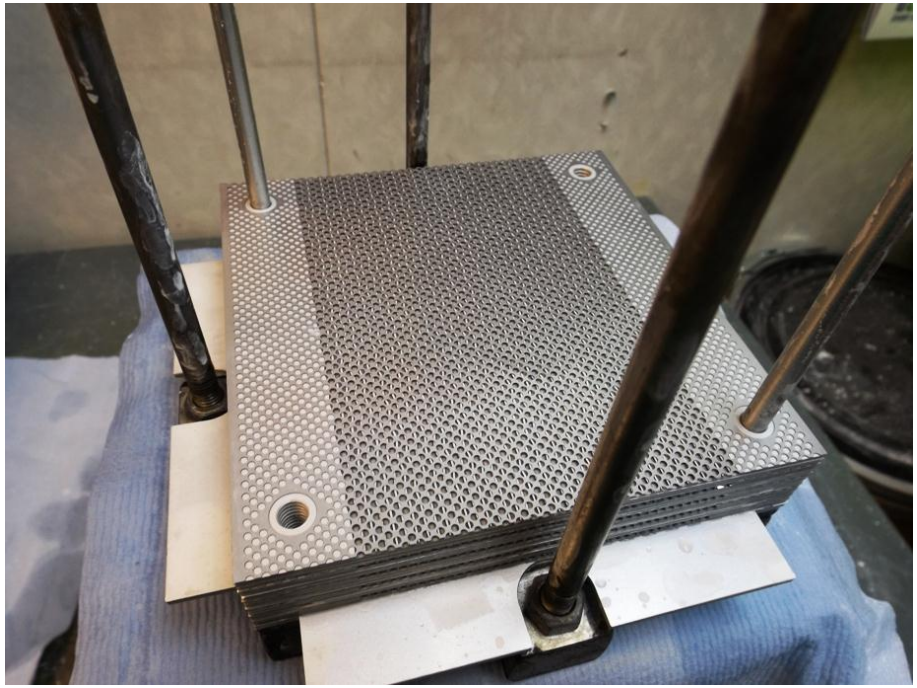
1100 ºC Fireproof Test

-54 ºC Icing Test

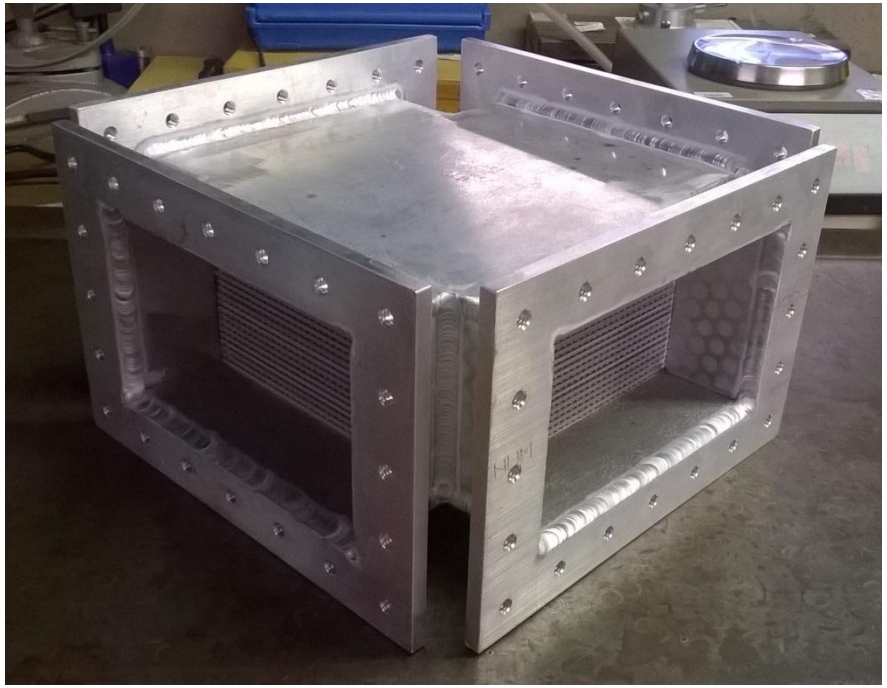
EPALM – *Etched Plate Additive Layer Manufacture*

MCS – Birmingham

Critical to safety: 100% reliable in all conditions



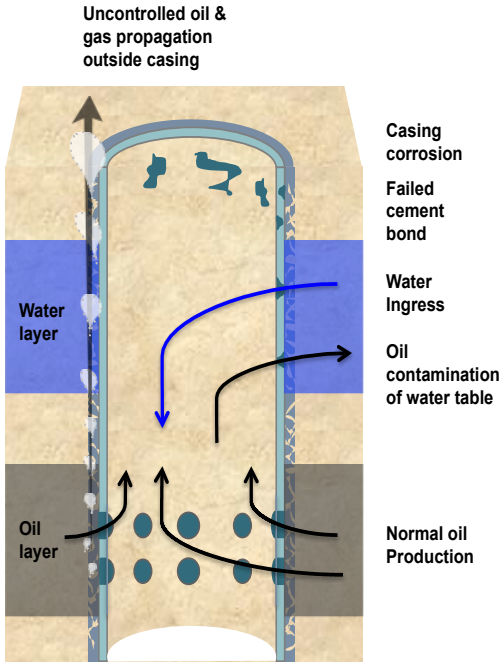
Stack Being Assembled

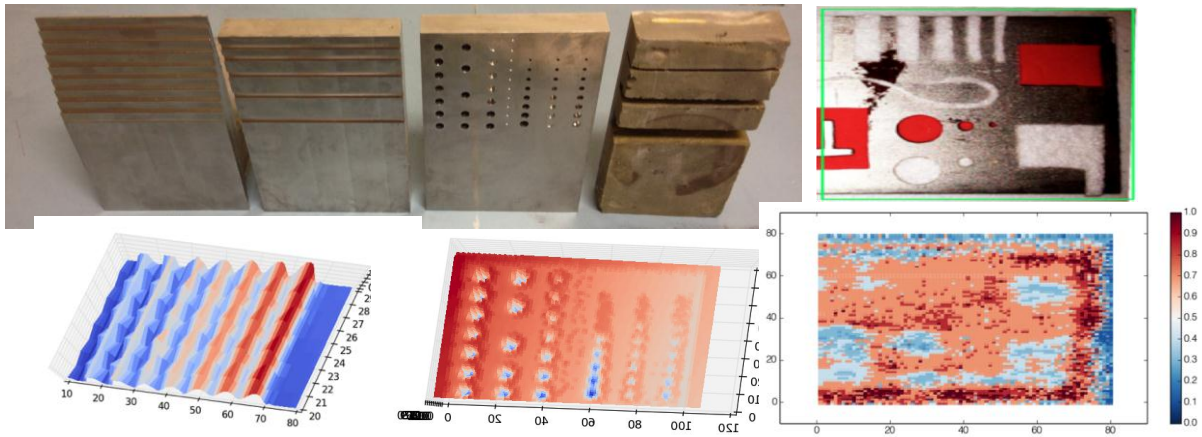


Complete Test Unit

GAIA – *Deep well ultra sound scanning*

High temperature and pressure, operating miles down must be both sensitive and accurate





Well Casing Systems

Ultrasonic Testing

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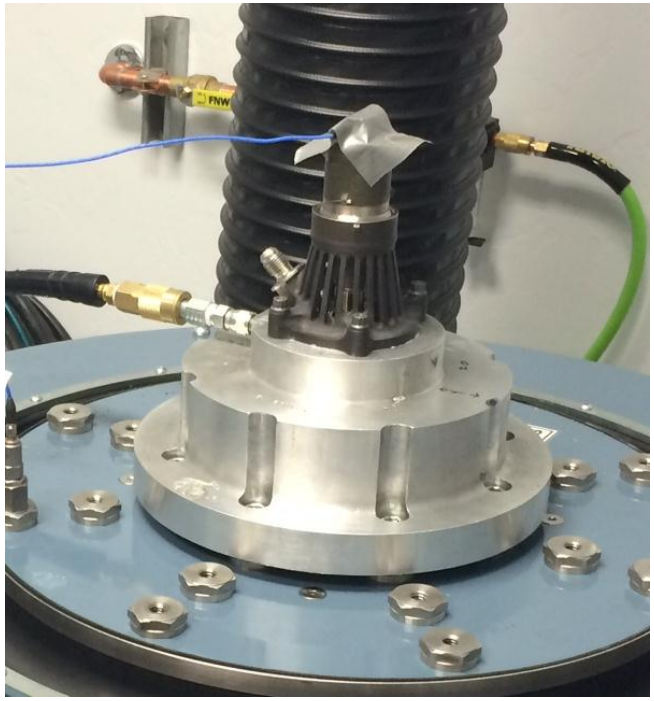
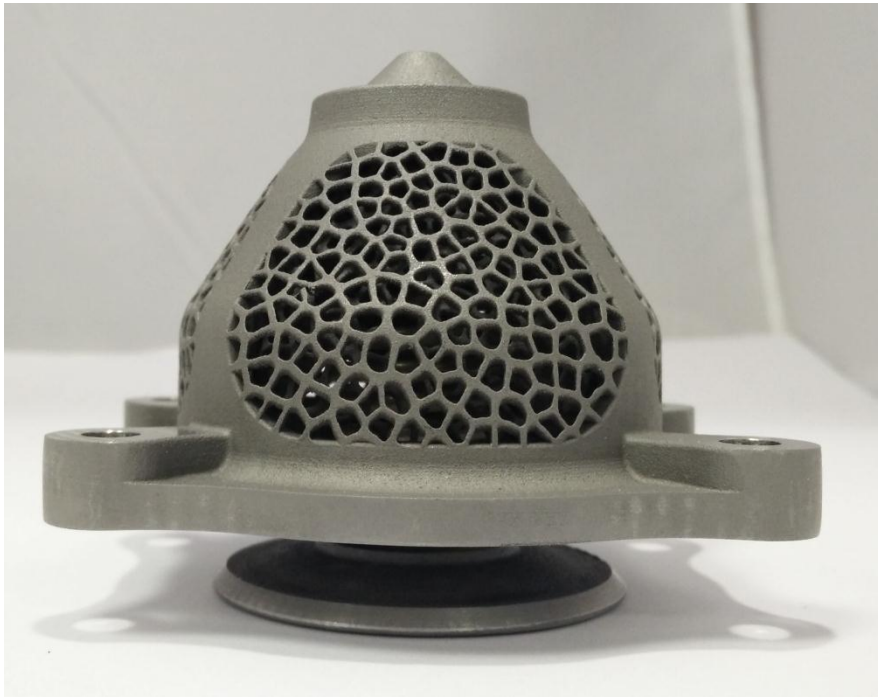
ALM – *Additive Layer Manufacturing*

MCS North Hollywood, MCS Coventry and MTC

New materials, new designs, new manufacturing process



Vibration Testing of an
Additive Manufactured Bleed valve



Noise Attenuating Bleed Valve

To conclude…..

- We are seeing the returns from record levels of investment
- AR&T is a small but critical element of our future supported by
  - Roadmaps – developed with our partners and customers
  - People – particularly our Engineering Fellowship and graduate programme
  - Research partners – Catapults and Universities
  - Funding agencies
- Develop once and use many times capability
  - High temperature composite and ALM, valve with embedded sensing, actuation and electrical components
- Customer success stories
  - Tyre pressure monitoring – aircraft OEM
  - High temperature actuators – engine OEMs
  - ALM valves – engine OEMs
  - Ice management systems – aircraft OEM

Wrap Up

Meggitt Aircraft Braking Systems

Luke Durudogan, President

19 April 2016

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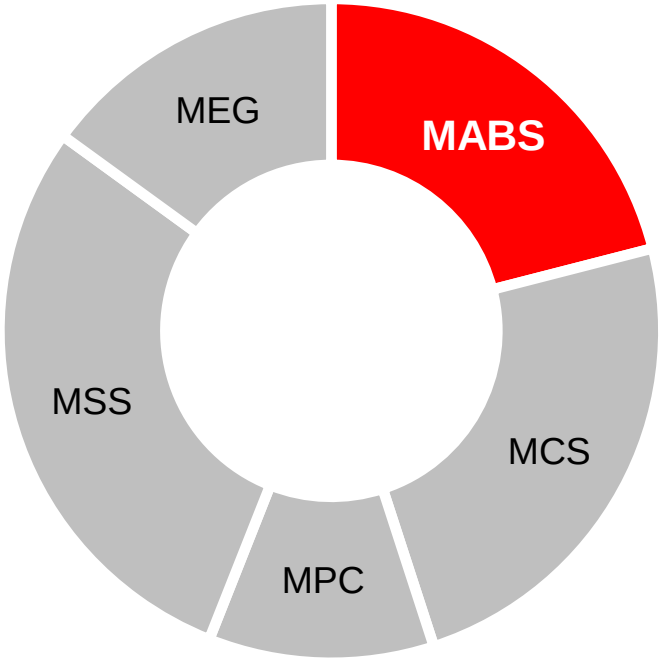
Overview of Meggitt Aircraft Braking Systems

- Our business
- Organic growth drivers
- Manufacturing and operations excellence
- Summary

Meggitt Aircraft Braking Systems

21% of 2015 Group revenue



	£'m	%
Meggitt Aircraft Braking Systems	353.1	21
Meggitt Control Systems	379.9	24
Meggitt Polymers & Composites	177.4	11
Meggitt Sensing Systems	474.8	29
Meggitt Equipment Group	244.0	15

MABS business summary

- High up-front investment generates predictably strong financial returns
- Competitive advantages
  - #1 in our target markets (regional aircraft, business aviation, military)
  - Performance leading technology
  - Highly regulated and stringent qualification and industry certifications required for safety critical systems
  - MABS is primarily a sole source product and service life cycle supplier of wheels, brakes and related systems hardware and software
  - Dependable and responsive customer relations drive repeat business
- Increasing content on a wide range of newer platforms, won in the last ten years
- Diverse customer base, represented in all major aerospace markets
- Frequent and predictable aftermarket events

Well-earned, sole source market share and strong backlog

What we do

Total braking systems capability

Wheels and brakes

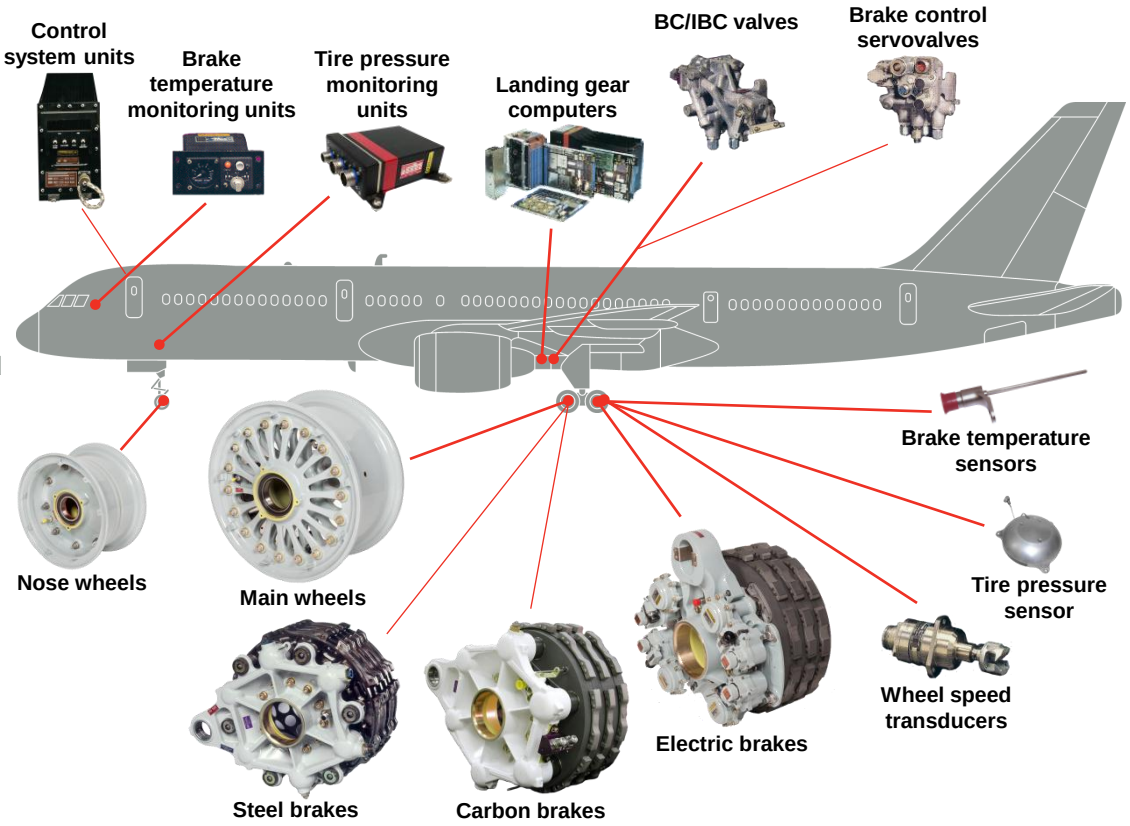
- Wheels
  - Main and nose
- Brakes
  - Carbon and steel
  - Hydraulic and electrically actuated

Control systems

- Hydro-mechanical braking and antiskid
- Brake-by-wire braking
- Auto braking
- Ebrake® power conversion, management and control
- Nose wheel steering
- Landing gear
- Hydraulic systems

Monitoring systems

- Brake temperature
- Tyre pressure
- Landing gear
- Hydraulic systems



Tier 1 system supplier to the OEMs and operators

MEGGITT

Technology firsts

Over 90 years of technical leadership

1930s

- First multiple disk brakes
- Light alloy cast wheels and bi-metal drum brakes introduced

1940s

- First automatic adjusters for single disk brakes

1950s

- First tri-metallic brake and electronic antiskid system
- Maxaret anti-skid system introduced
- Fan-cooled brakes introduced

1960s

- First carbon brake lab test
- Tubeless tyres adopted for all high performance aircraft

1970s

- First carbon brake production contract
- First brake-by-wire system
- Carbon brake introduced on Concorde, the first carbon brake in airline service

1980s

- First electric brake lab demonstration
- First digital brake-by-wire system
- First nose/main gear carbon brake management system

1990s

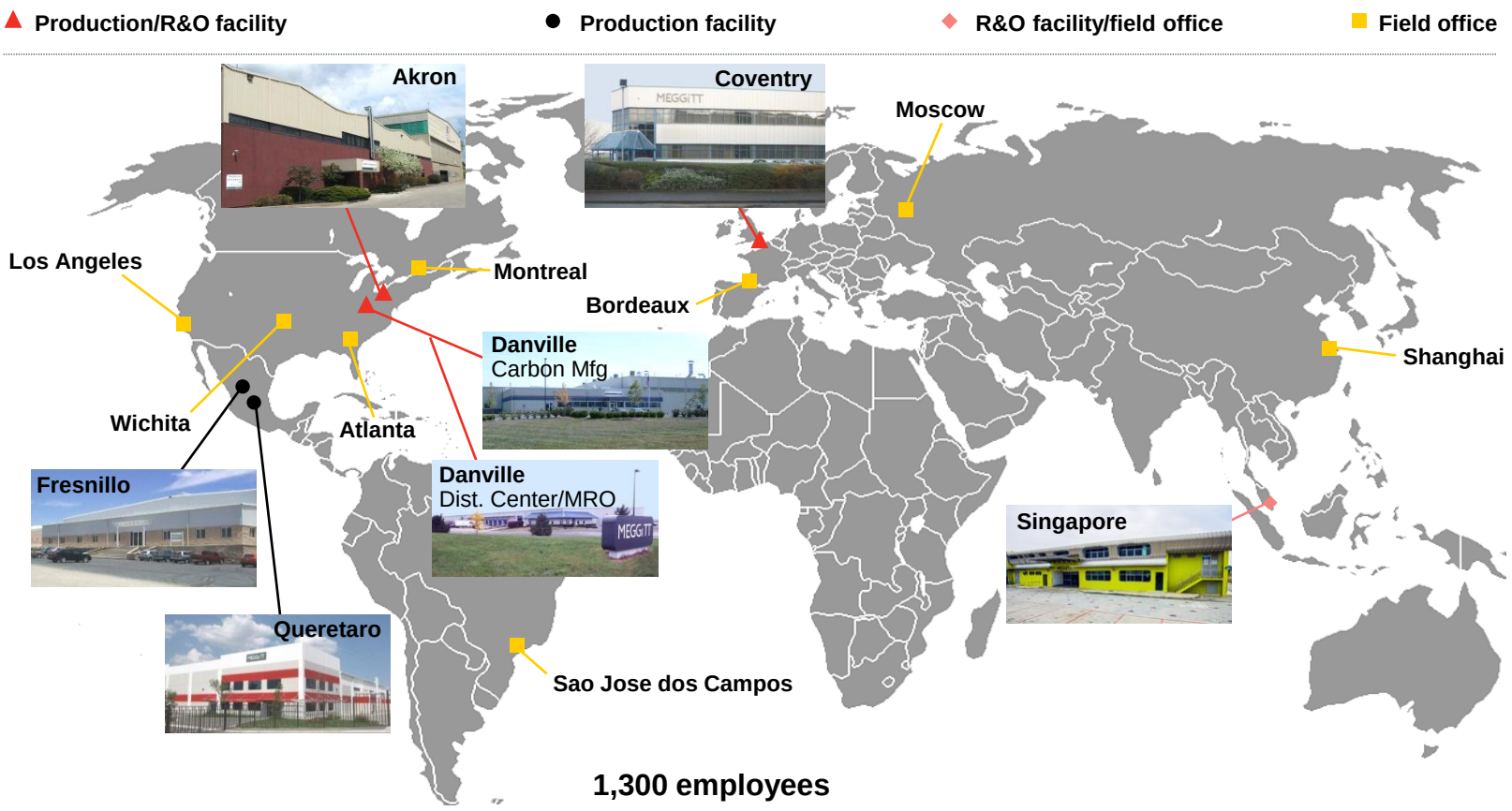
- First taxi brake select system
- First phase change/carbon brake
- Integrated metering/antiskid valve
- Deceleration feedback control
- High RTO coefficient long life Series 6000 carbon
- Thermal management and ceramic insulation technology
- First successful integration of a brake control system into a Modular Avionics Unit (MAU) system
- Large investments in design and manufacturing facilities

2000 - today

- Breakthrough 7000 Series NuCarb® carbon technology for first production program
- First qualification and flight test of complete electric braking system for a commercial jet
- World's first flight of commercial aircraft fully equipped with electric brakes
- First in-house fabrication of pressure sensors for Meggitt tyre pressure monitoring systems

A long history of innovation with more to come

MABS worldwide operation excellence

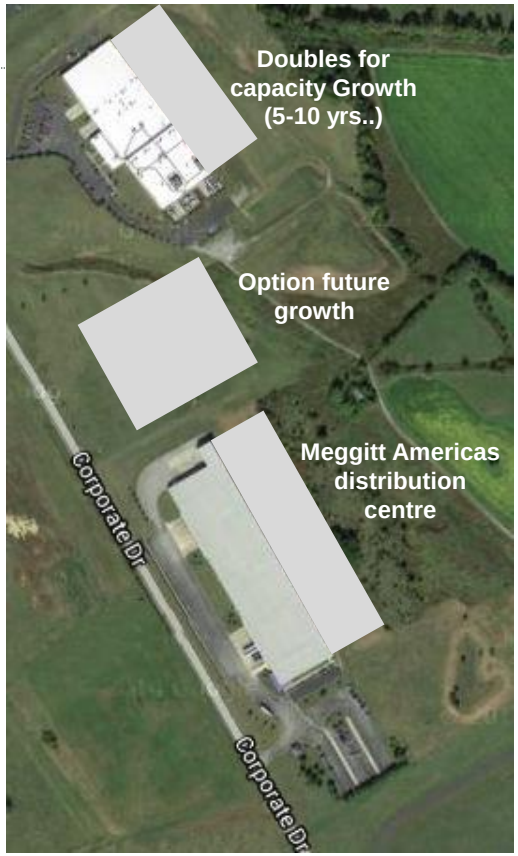


Low cost, high quality global manufacturing base and supply chain

Danville, KY

MABS today

The vision



Meggitt Americas supersite

Any spare, anywhere in 24 hours, 7 days a week

MPS Operational Excellence maturity

CY 2015

KPI Metric	Measure	Target	Actual
EHS – Safety	Lost time incident rate	< 648 IR	489 IR
Quality	PPM	< 500 PPM	416 PPM (YTD)
Delivery	OTD %	> 92%	93.7% (Q4 3 month avg.)
			92.7% (Year End)

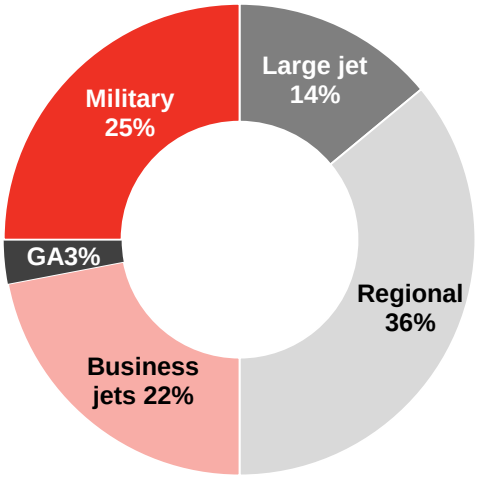
YTD 2016

	Akron	Coventry
Current MPS stage	Yellow	Green
Site On time delivery %	94%	93%
YTD DPPM	405	478
Safety	Platinum	Gold

Site	MPS Stage	Exit Plan
MABS Coventry	Green	2017
MABS Queretaro	Yellow	Dec 2016
MABS Danville	Yellow	Dec 2016
MABS Akron	Green	2017
MABS Fresnillo	Red	Nov 2016

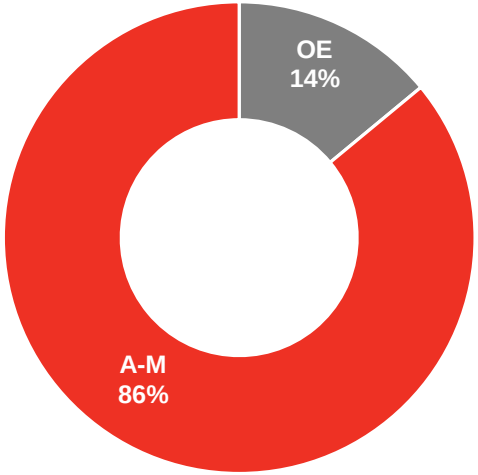
On time delivery and quality improvements through MPS

Revenue breakdown – 2015



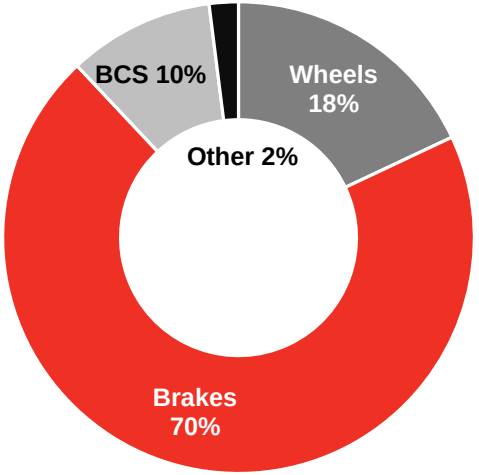
Segments

- Balanced global portfolio
- High cycle commercial transports
- Leader in target markets



Original Equipment vs. Aftermarket

- Annuity business model
- Reliable, profitable revenue stream



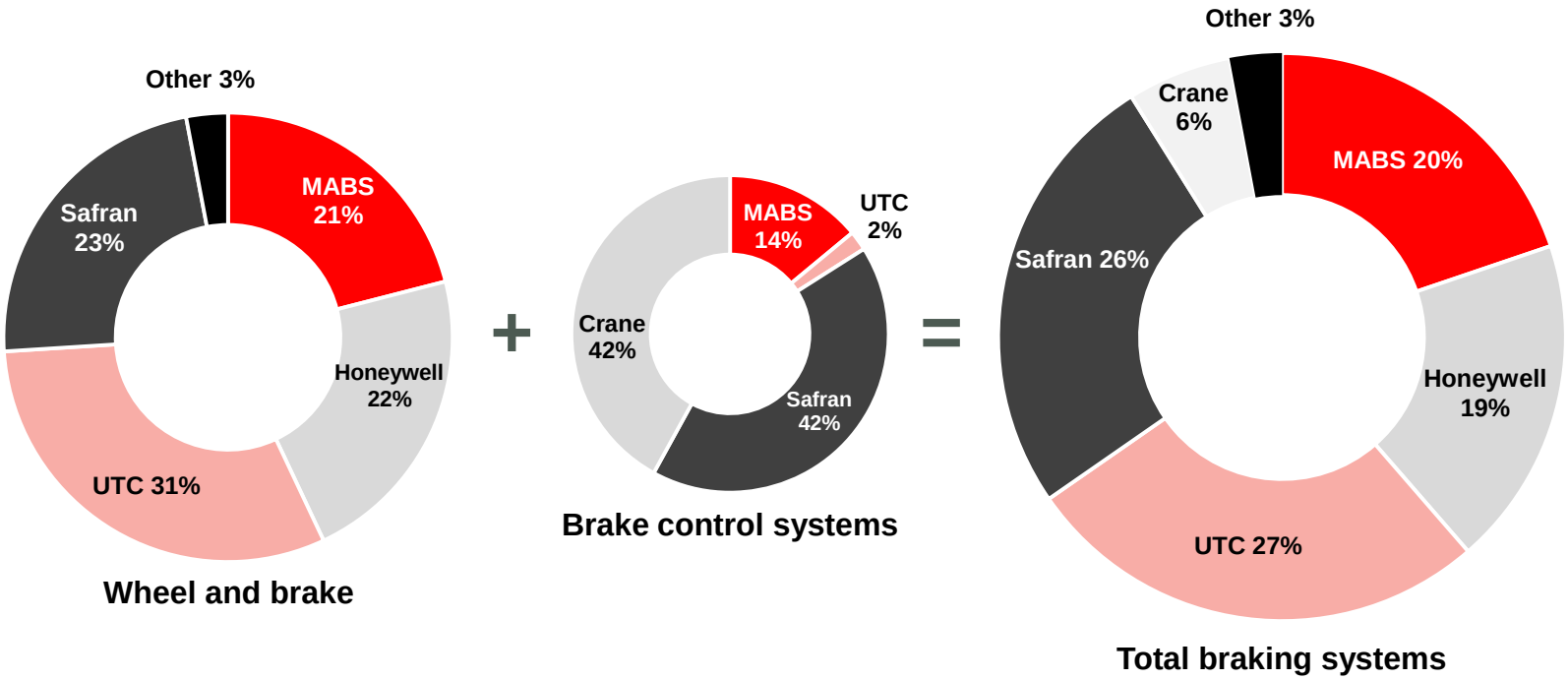
Products

- Primarily sole source
- Clever technology
- Significant installed base

Balanced sole source markets, large in service aftermarket, driven by consumable braking products

Key braking system competitors

Estimated market share by revenue



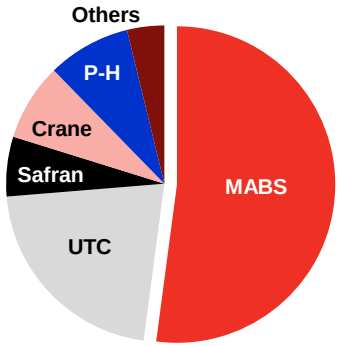
Meggitt is a market leader in military, business aviation and regional. Competitors market share driven by Boeing and Airbus

MABS execution strategy

- Launch into service 12 new programs in the next 3 years
  - CS100
  - CS300
  - MC21
  - ARJ21
  - G500
  - G600
  - Falcon 8X
  - Falcon 5X
  - Legacy 500/450
  - Global 7000/8000
  - HondaJet
  - JAS39 NG
- Pursue new programs on the basis of sound financial returns
- Meet expanding aircraft systems requirements in new programmes
- Continue Meggitt Production System driven performance improvements in global supply chain - low cost high quality manufacturing, footprint reduction, equipment and systems modernisation, e.g. Danville, Queretaro, and Fresnillo
- Lead the market in cost efficient new technology applications

Launch new programs, use MPS to drive up productivity, continue to grow backlog

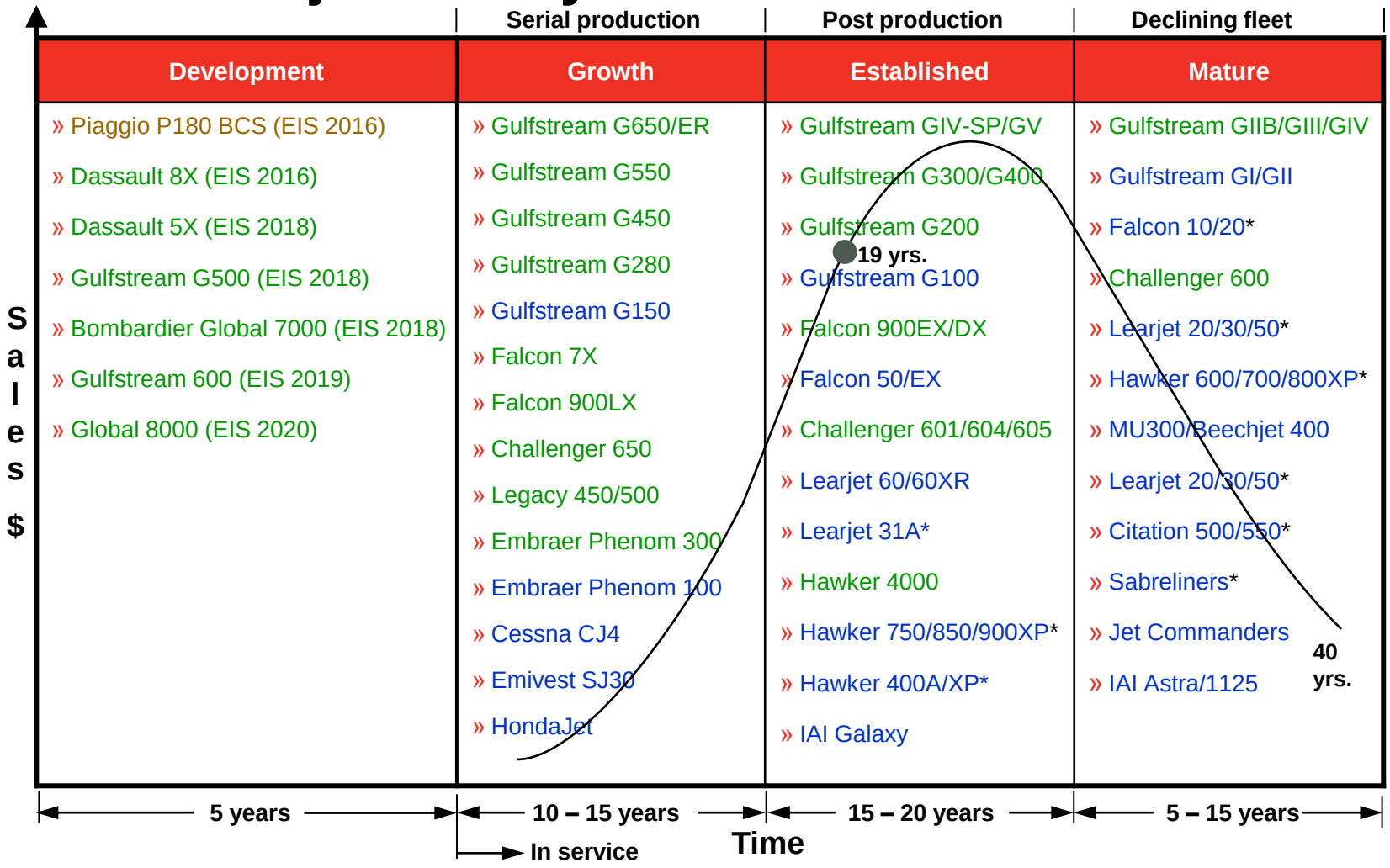
Business aviation



- High revenue per landing with total braking system content
- US light and medium size bizjet deliveries continue steady recovery with recent or new MABS equipped aircraft
  - **HondaJet**
  - **Cessna CJ4**
  - **Embraer Phenom 100/300** and **Legacy 450/500**
- Introduction of new large and long range models strengthen demand in the intermediate term with recent or new MABS equipped aircraft
  - **Bombardier Challenger 650** and **Global 7000/8000**
  - **Dassault Falcon 8X** and **Falcon 5X**
  - **Gulfstream G500** and **G600**

MABS higher content on platforms drives CAGR

Business jets life cycle



Carbon Heatsink Steel Heatsink Other *Multiple Source Current ● MABS fleet weighted average age

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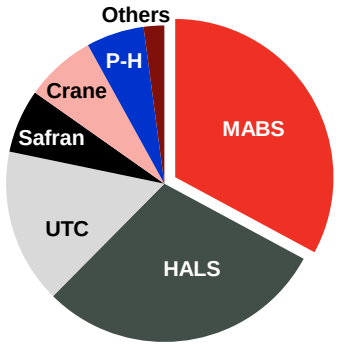
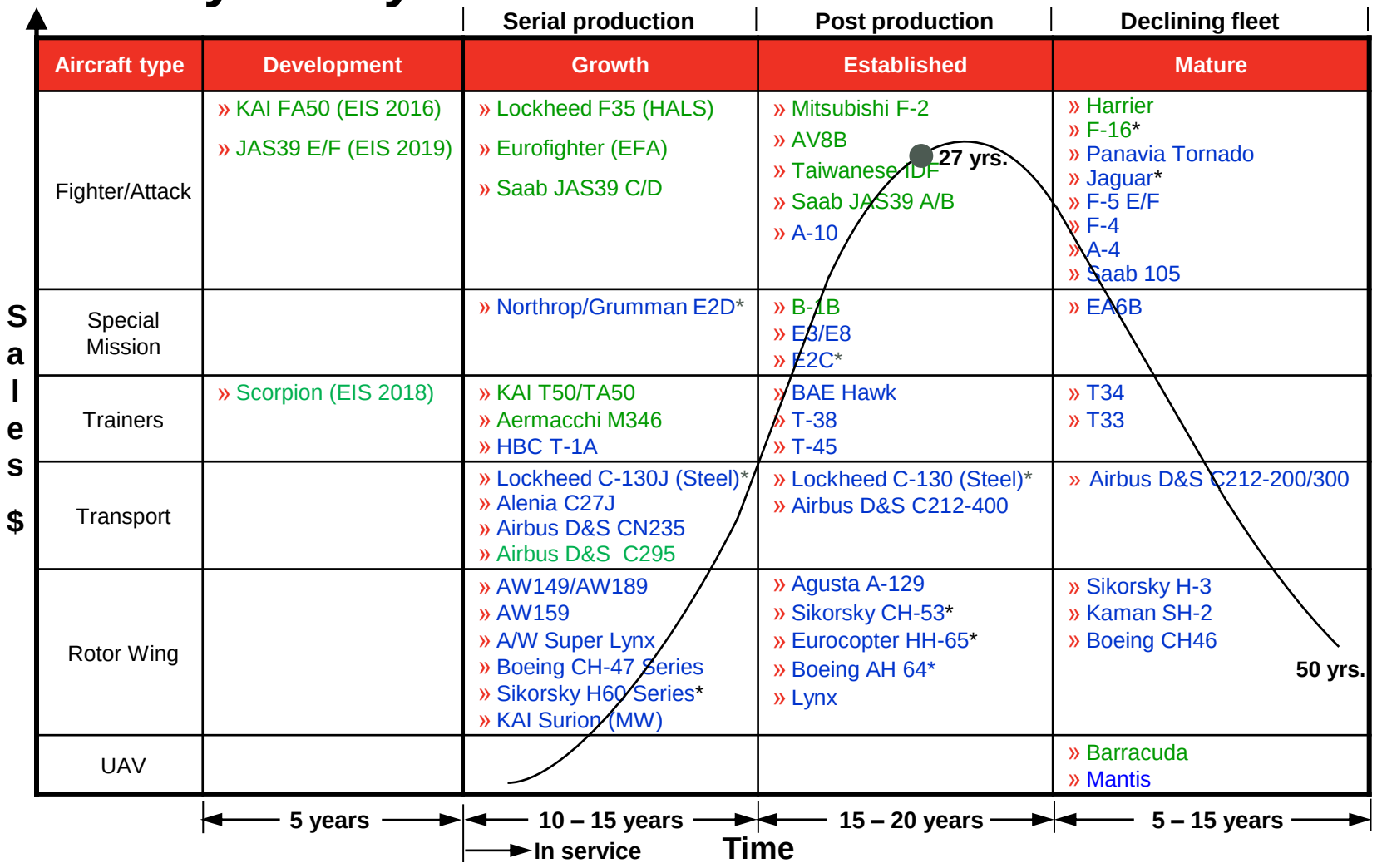
Military



- MABS has a significant portfolio of front line aircraft and helicopters
- **2016 – 2021**
  - **Eurofighter** and **Helicopter** production coupled with a strong build-up of **F-35** partnered with Honeywell
  - Continuing Aermacchi **M346, KAI T50 family** and **Hawker** trainer production
  - Reduction in established and mature programs partially offset by price increases
- **2021 – 2026**
  - On going **F35** growth
  - Continuing **JAS39** and **Helicopter** family production
  - Well positioned on **T-X** with braking equipment on all demonstrator aircraft

Installed base, plus EFA and F-35, drive growth throughout the period

Military life cycle



Carbon Heatsink Steel Heatsink Other *Multiple Source Current ● MABS fleet weighted average age

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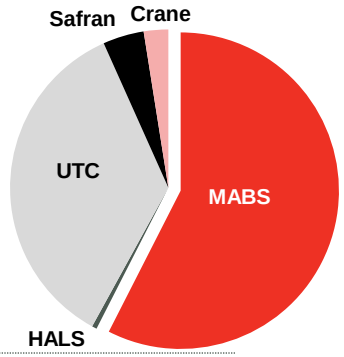
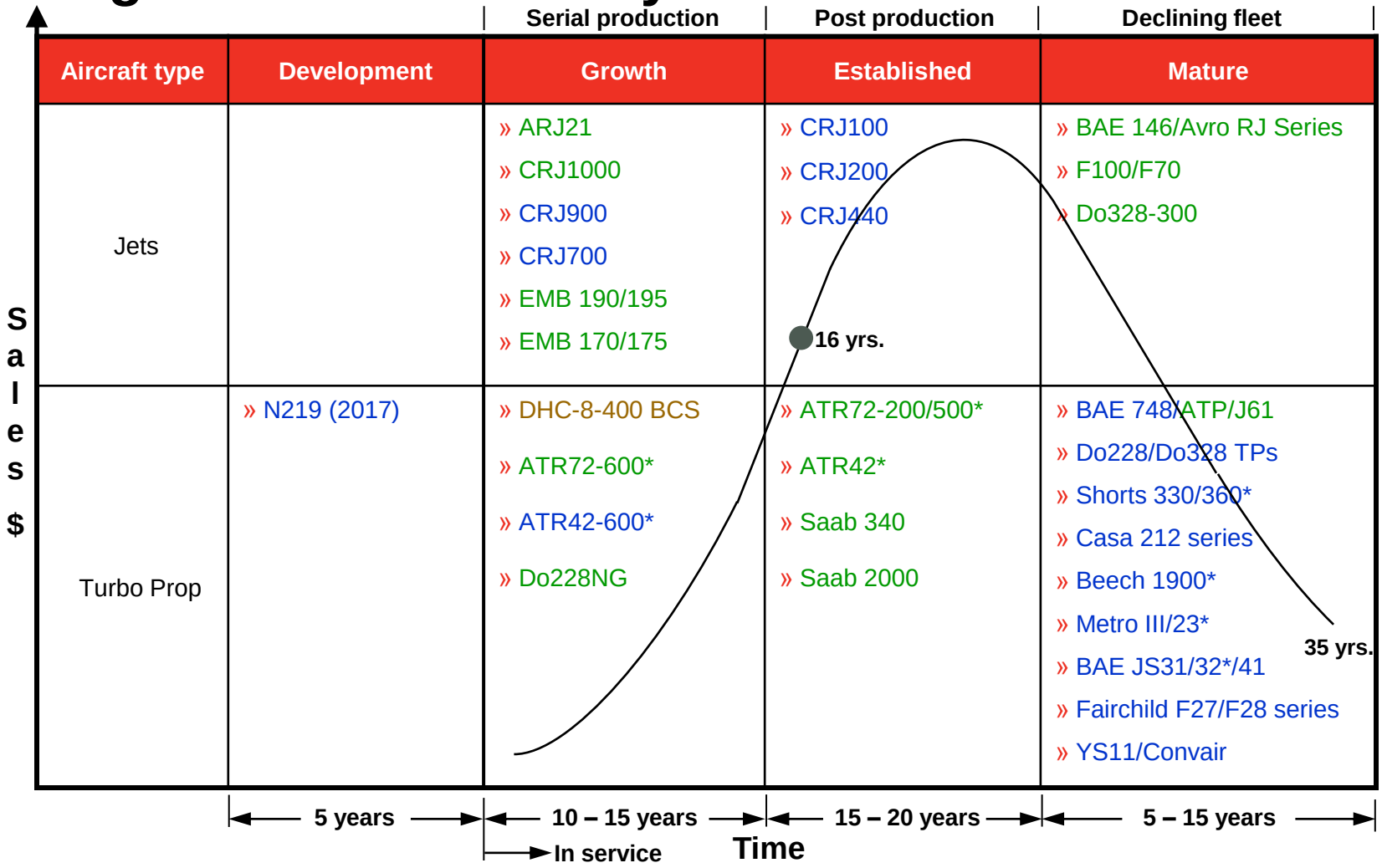
Regional aircraft



- High cycle, predominantly sole source, regional jets and turboprops
- **2016 – 2021**
  - Greater than 50 seat fleet continuing to grow - **CRJ700/900 steel** and **E170/175** and **E190/195 carbon** families
  - Growing high content **CRJ1000** and **ARJ-21** total carbon braking systems
  - Greater than 50 seat regional turboprops continue to grow
  - Fleet with less than 50 seats declines over the period
- **2021 – 2026**
  - Net fleets of 50 seats or less stabilise at lower values
  - Net fleets of greater than 50 seats continue to grow

50 seat fleet decline migrates into our larger RJ position

Regional aircraft life cycle



Carbon Heatsink Steel Heatsink Brake Control only *Multiple Source Current ● MABS fleet weighted average age

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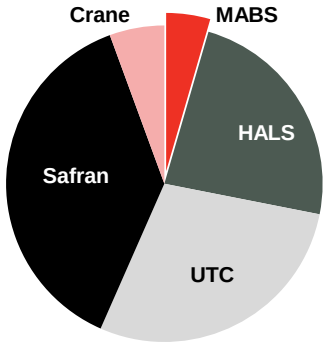
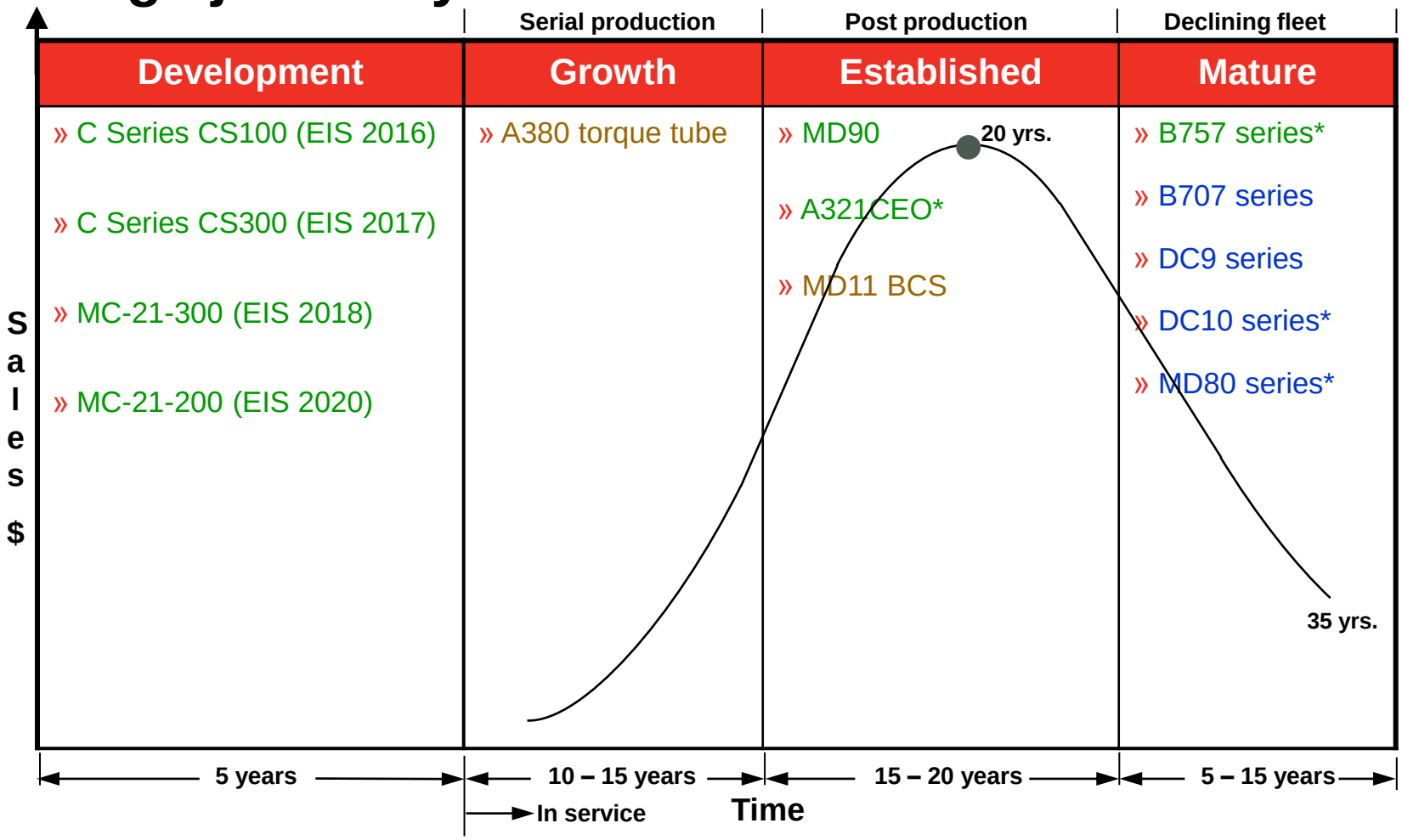
Large jets



- Wheel and brake predominantly dual/triple source (Boeing and Airbus)
- BCS single source to Crane (Boeing) and Safran (Airbus)
- **2016 – 2021**
  - Sole source **Bombardier CS100** deliveries start in 2016
  - Sole source **Bombardier CS300** and **Irkut MC-21**
- **2021 – 2026**
  - Growth in service of the **C Series** and **MC-21** large jet families during this time period

Selective penetration of sole source opportunities

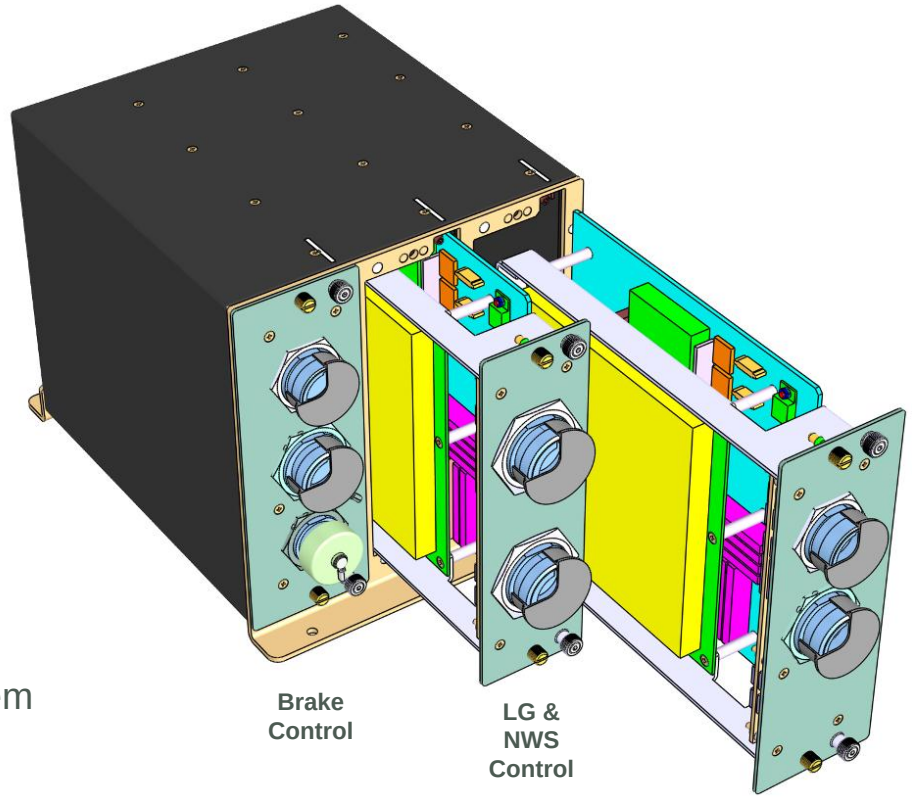
Large jet life cycle



Carbon Heatsink Steel Heatsink Other *Multiple Source Current ● MABS fleet weighted average age

Clever technology drives expanding aircraft systems responsibilities

- Wheels and brakes
  - NuCarb heatsinks
  - Electrically actuated brakes
- Brake control
  - Digital brake-by-wire
  - Analogue brake-by-wire
  - Autobrake
- Expanded control
  - Auto spoiler deployment
  - Nose wheel steering control
  - Landing gear/doors extension and retraction
  - Hydraulic system control
- Expanded monitoring
  - Brake temperature monitoring system
  - Tyre pressure monitoring system
  - Hydraulic system monitoring
  - Landing gear/doors indication



MABS strategic innovation initiatives

Carbon wheels

"Impossible Objects has the potential to revolutionise the market" - ORNL

Composite-based additive manufacturing

Health and Logistics Optimisation HALO

New materials, manufacturing technologies and industrial internet drive success

Value drivers

Conclusion

Market leader in regional, bizjet and military	**Existing fleet will drive annuity-like revenues for many years to come, with a further 12 new platforms over next 5 years**
Growing content on newer platforms	**Significant growth in shipset value per aircraft driven by shift from steel to carbon and greater systems content**
Innovation will drive further growth	**New products include Ebrake and NuCarb. Intensified focus on services including HALO and CSS activities**
Driving operational excellence	**Greater operational efficiency through MPS will drive growth and future profitability**

Operational excellence, cost efficient technology and customer focus

Meggitt Polymers & Composites

Mel Hilderbrand, SVP Fuel Systems

19 April 2016

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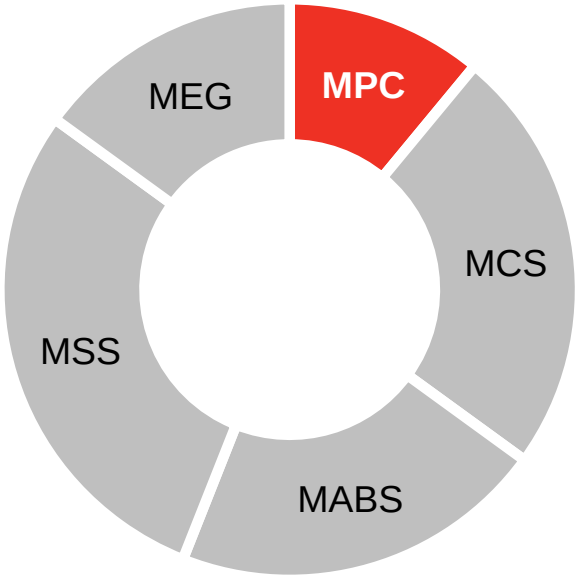
Meggitt Polymers & Composites

11% of 2015 Group revenue



	£'m	%	%
Meggitt Aircraft Braking Systems	353.1	21	20
Meggitt Control Systems	397.9	24	22
Meggitt Polymers & Composites	**177.4**	**11**	**17**
Meggitt Sensing Systems	474.8	29	27
Meggitt Equipment Group	244.0	15	14

Proforma numbers including the acquired businesses

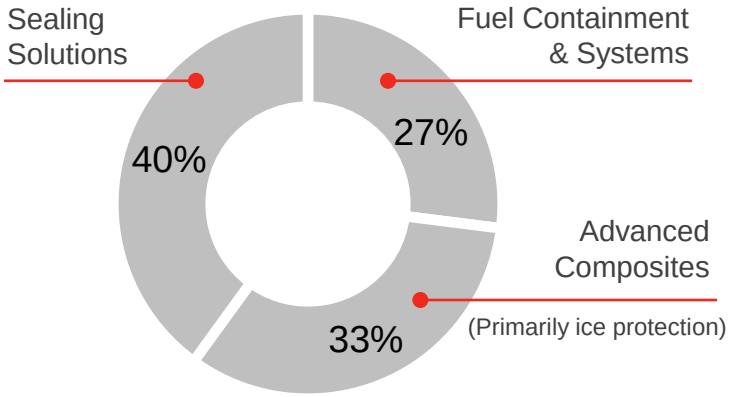
MPC business model

High levels of product and process IP

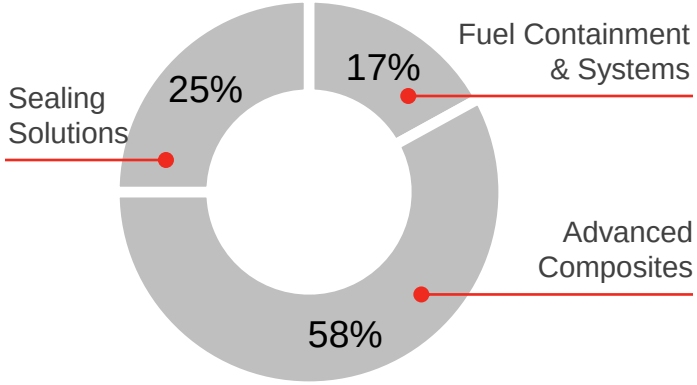
- Smart engineering for extreme environments
  - Invest in industries with high certification requirements/long-life assets
  - Where equipment works in harsh environments
  - Aerospace and defence focus
- Creation and retention of intellectual property
  - 50+ years' aerospace pedigree
  - Product IP
  - Manufacturing process IP
- Focus on operations excellence
  - Market fragmentation presents near-term opportunities
  - Sustainable performance cements long-term relationships

Meggitt Polymers & Composites

Business mix pre- and post-acquisition



Pre-acquisition	
Employees	1,800
Facilities	4
Square feet	1m



Post-acquisition	
Employees	2,900
Facilities	12
Square feet	1.5m

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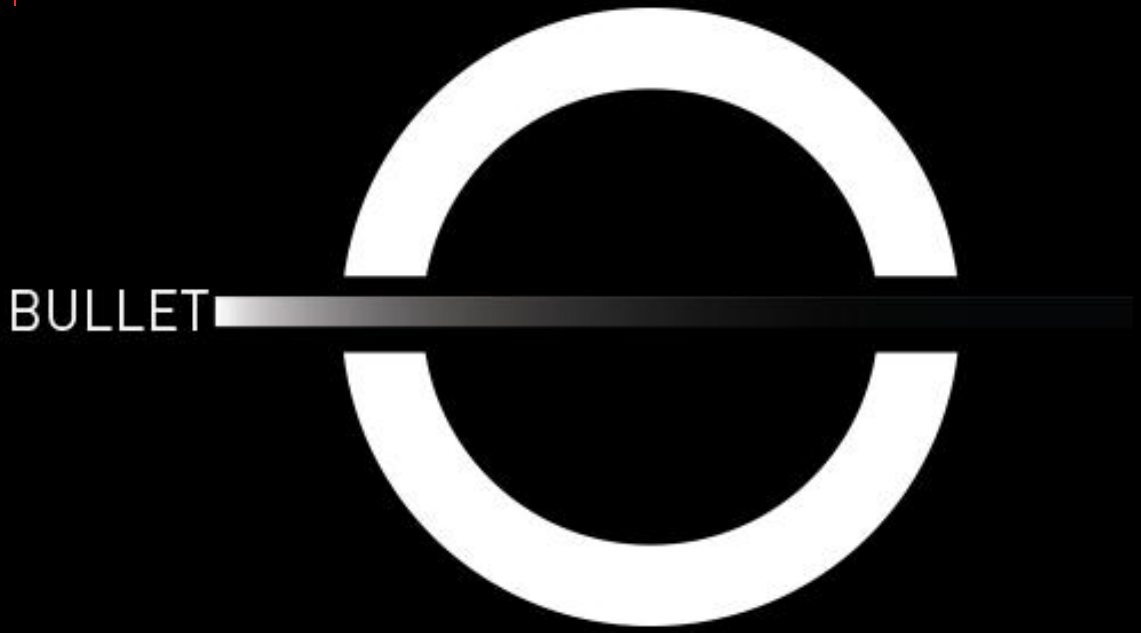
Fuel containment

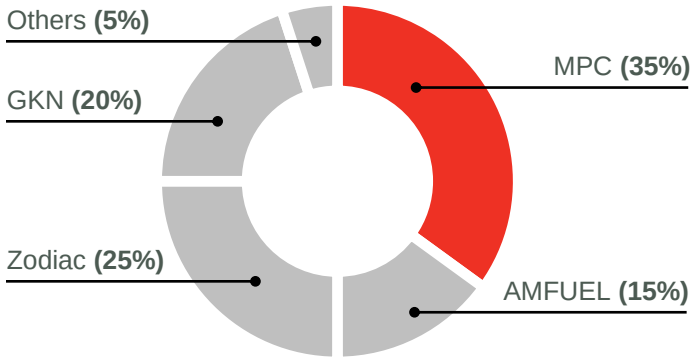


Fuel containment

Military and commercial markets around the world

- Leading manufacturer of flexible fuel cells for military aircraft
  - self-sealing/ballistically-resistant and crashworthy
- Presence on virtually every US military helicopter platform
  - additional opportunities in Europe
- Meggitt preferred for
  - Trusted as the technology pioneer
  - Product performance – safety
  - On-time delivery and quality
- Wet wing sealants opportunity

Global fuel containment/rotorcraft market



£269m annually

Expanding solutions for containment

Cells to systems

- Moving up value chain to provide comprehensive fuel systems
- Integrating structural composite housings, fuel cells and fuel delivery systems
- Providing primary and auxiliary fuel systems
- Delivering multi-piece composite structures
  - Reduced manufacturing risk
  - Reduced cost of field repairs
- Opportunity to deploy Meggitt sensing and fluid control products

Recent platform wins

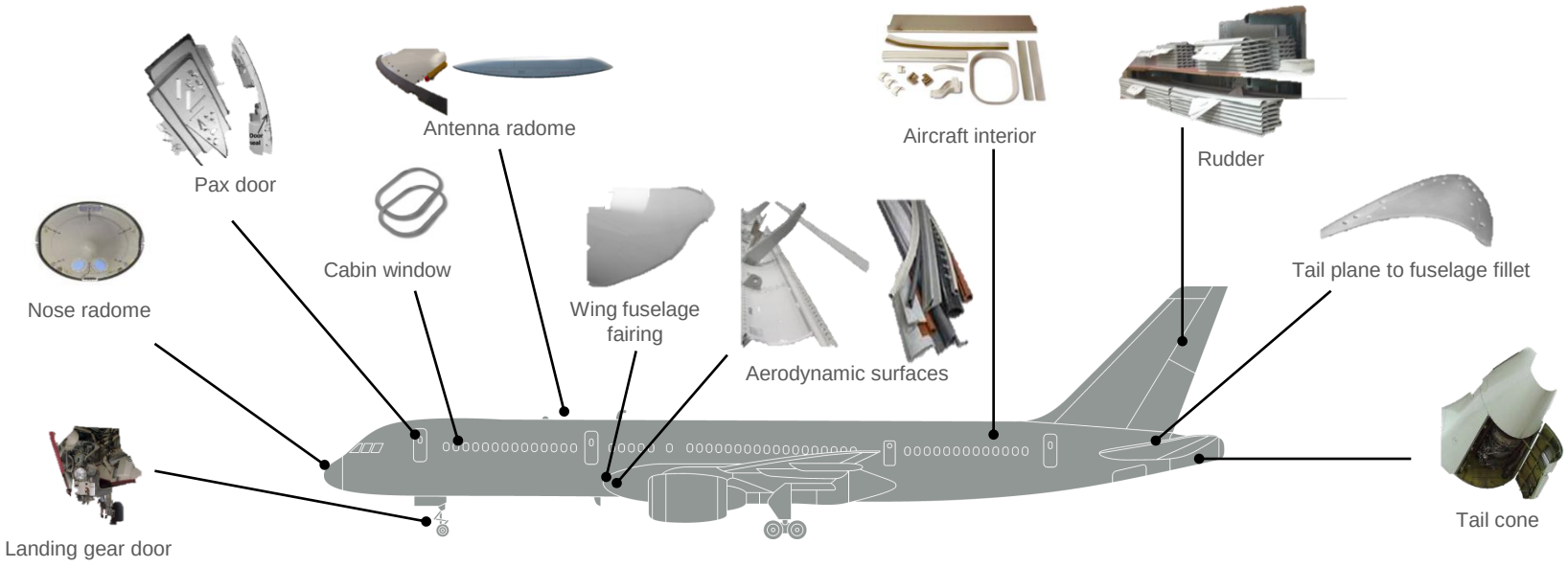
V-280

AW-159

Sealing solutions

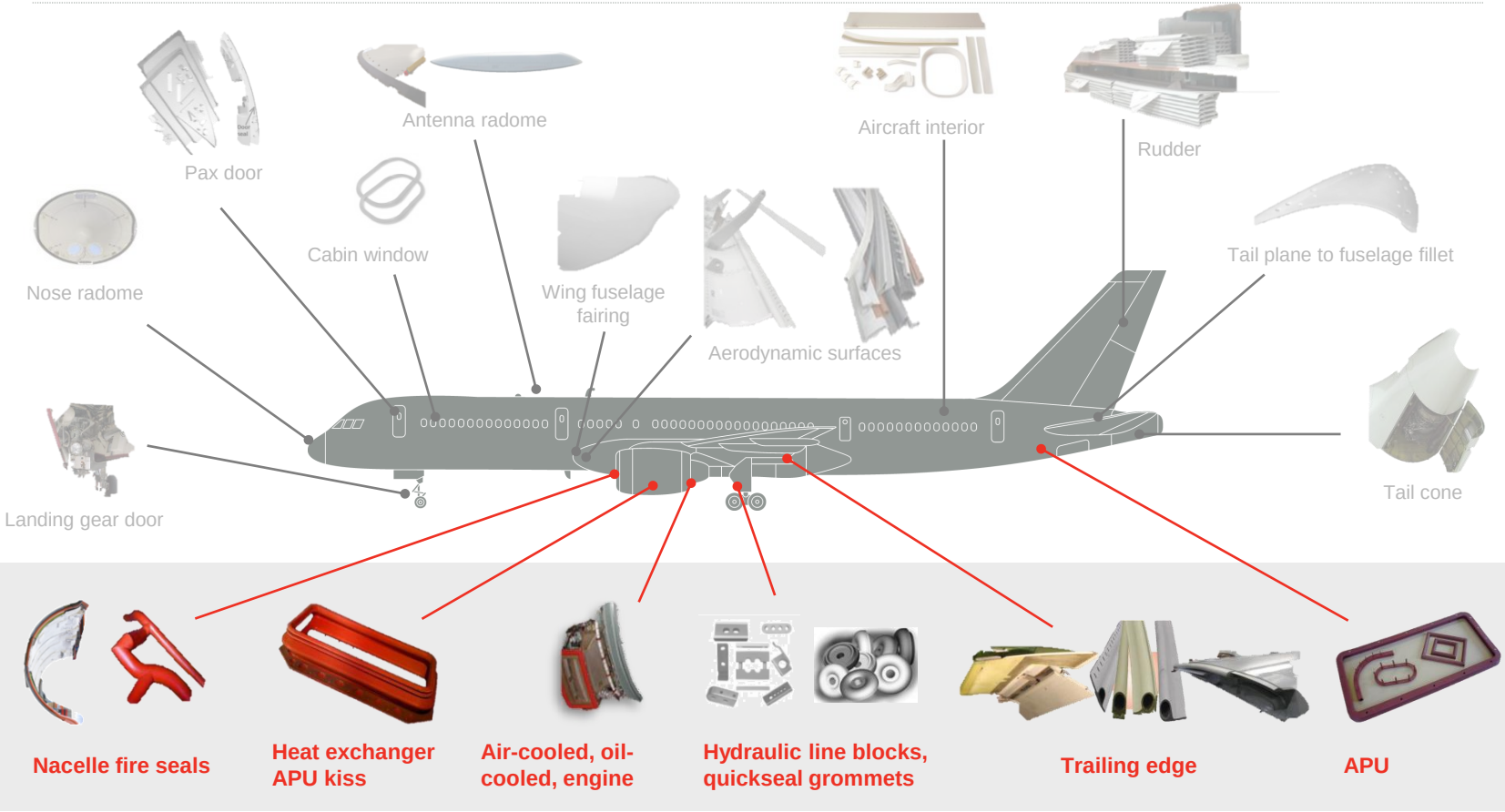
Aerodynamic seals

Engineering rich



Engine seals

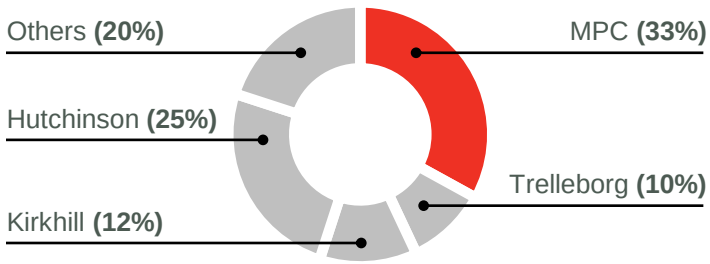
Highly specified



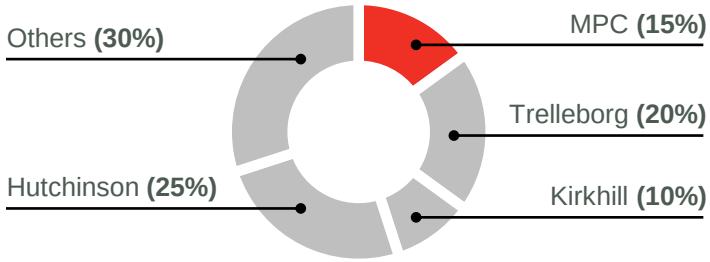
Engine and aerodynamic seals market

- Highly competitive market
- MPC factories market-leaders in highly complex logistics, shipping 1000s of different part numbers per day, many different materials
- Well-established, low-cost production in China
- Growing market share through
  - Highly-engineered, high performance products created by in-house, industry experts
  - Build-to-print underpinned by Meggitt Production System – 240% growth on A350XWB

Aerodynamic seal market: £150m



Engine seal market: £190m



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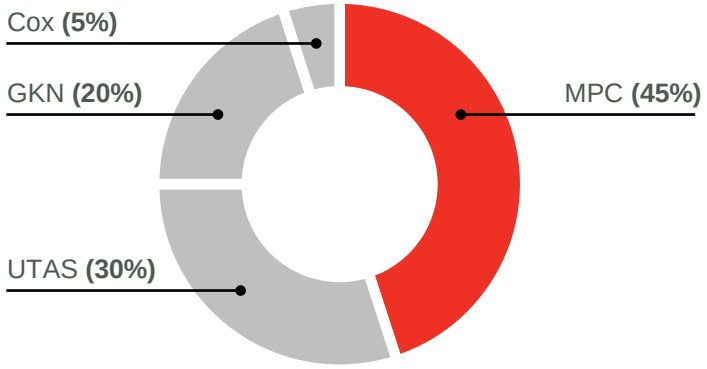
Ice protection

Ice protection

A complex composites capability

- Historical core capability
- >50 years protecting geometrically-challenging apertures
- Leading supplier of electro-thermal ice protection for rotorcraft
  - Military
  - Commercial
  - Heavy lift
- Glass fibre

Rotorcraft ice protection market



£33.5m annually

Growth strategies

for established MPC businesses

1. **Fuel containment and systems**
   - Remain No 1 in military fuel cells, grow share of fuel systems, expand into commercial rotorcraft, commercialise wet wing sealants

2. **Sealing solutions**
   - remain supplier of choice for aircraft sealing solutions – grow through deployment of lighter-weight polymers, engineering and integration expertise. Quality performance will increase market share

3. **Ice protection**
   - Remain No 1 provider of electro-thermal ice protection for rotorcraft, collaborating with group AR&T to deliver energy-efficient fixed wing technology with EU Clean Skies GAINS funding

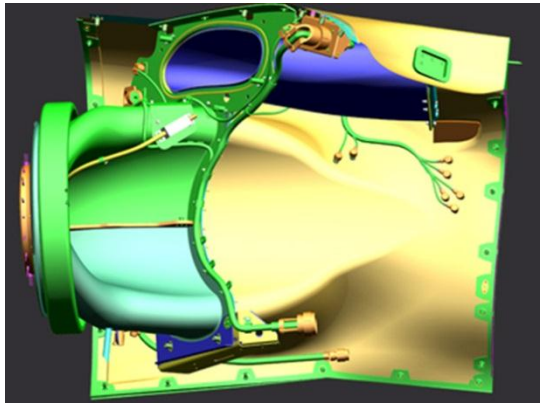
Advanced composites is biggest growth area

Advanced composites

Advanced composites

Where we play

- Not primary structures (fuselages, wings)
  - Simple, consistent shapes
  - Automatic fibre placement production
  - Capital-intensive
- Meggitt prefers
  - Less capital intense/higher margin
  - Complex secondary structures
  - Hand lay-up
  - Difficult shapes and geometries
  - Diverse and highly-specified manufacturing processes
  - Significant process IP

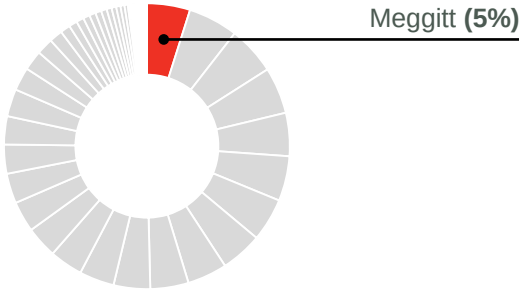


Complex composite market

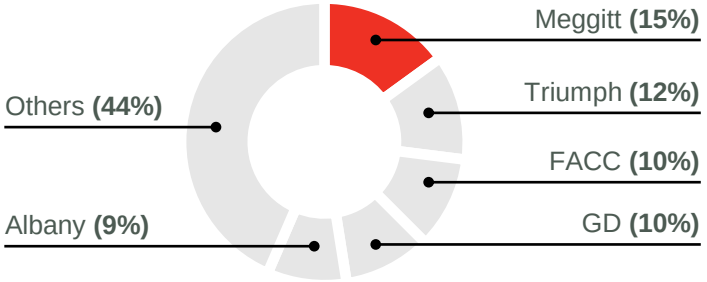
Strong position through acquired businesses

- Market fragmented, dominated by small, high-risk operators
- Aerospace customers need high quality, low-risk, scale suppliers
- Meggitt offers
  - ✓ On time delivery and high quality
  - ✓ Reliability
  - ✓ Material science
  - ✓ Broad design capability
  - ✓ System engineering
  - ✓ Financial stability
  - ✓ Scale
  - ✓ Mature manufacturing processes

Composite secondary structures: £2bn

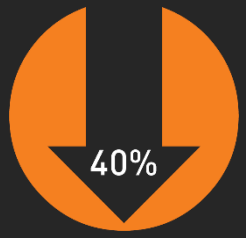


Engine composites: £0.6bn



Source: Meggitt estimates; Vision Gain; Roland Berger

Metal-to-composite conversion is growing …



Less dense than normal alloys

20% lighter composite Dreamliner

… burns **20%** less fuel

19% CAGR in engines

Maintenance costs up to **30%** lower

1/3 less time to market

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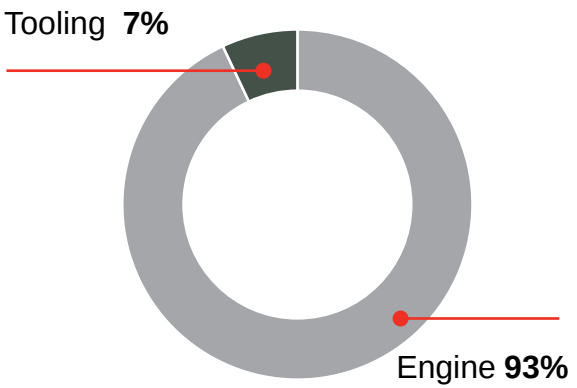
… accelerating our composite ambitions

- First-class customer relationships in Europe and North America on high-growth programmes
  - Gogo, LEAP, F135, PurePower
- #1 in growing satcom radomes
- #1 in engine composites
- Acquisitions augmented glass fibre with new carbon-fibre capabilities
- Acquisitions delivered an almost unique combination of process capabilities to address virtually any geometric challenge
- Carbon fibre market growing at c.10% p.a.

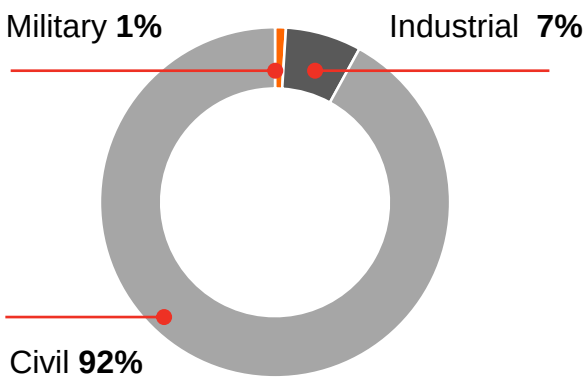
Well-positioned in fast-growing niche with significant qualification and certification requirements

How the former EDAC business positions us for growth

Capabilities



Markets



- Composite footprint in engine components on every major commercial aerospace platform, including
  - LEAP, PW1000G, GEnx, GE90
- $600 million pipeline

… and delivers new capabilities

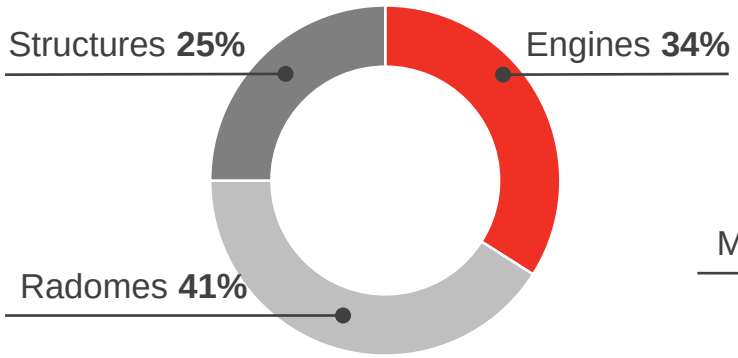
- World's first load-bearing composite rotating part
- GE90 115B
- **50% reduction in weight** vs stainless steel equivalent
- **75% reduction in unit cost**
- Win-win for Meggitt and customers
  - More cost-effective for customers
  - Additional revenue streams for Meggitt

Design analysis + engineering + tooling + onerous qualification + testing

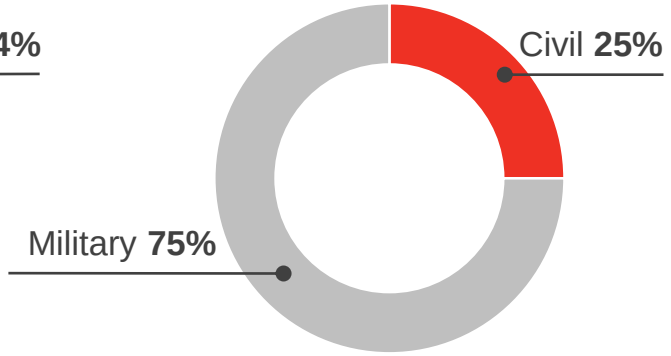
Former Cobham sites – well-positioned in military

… with an increasing presence in civil

Capabilities



Markets



- Strong radome capability with broad platform exposure
  - Eurofighter Typhoon, P8 Poseidon, F16, F18, Apache …
- High engine content on F35
  - >100 composite parts on F135 engine
- Good positions on future growth aircraft
  - A320neo, C-Series, Mitsubishi MRJ, 777X, G650 …

How the former Cobham businesses position us for growth

- Top 10 advanced composites business by revenue and platform
- High-growth platform footprint
- Strong revenue visibility
  - ~75% of revenues from long-term agreements and single or sole-source contracts
  - Equivalent to 8.5 years' production
- Technological evolution driven by demanding military specifications
- Composites used for
  - stealth and low radar observability
  - engine performance
  - extreme aerodynamics
- High-profile on F-35 aircraft

Increasing scale in composites

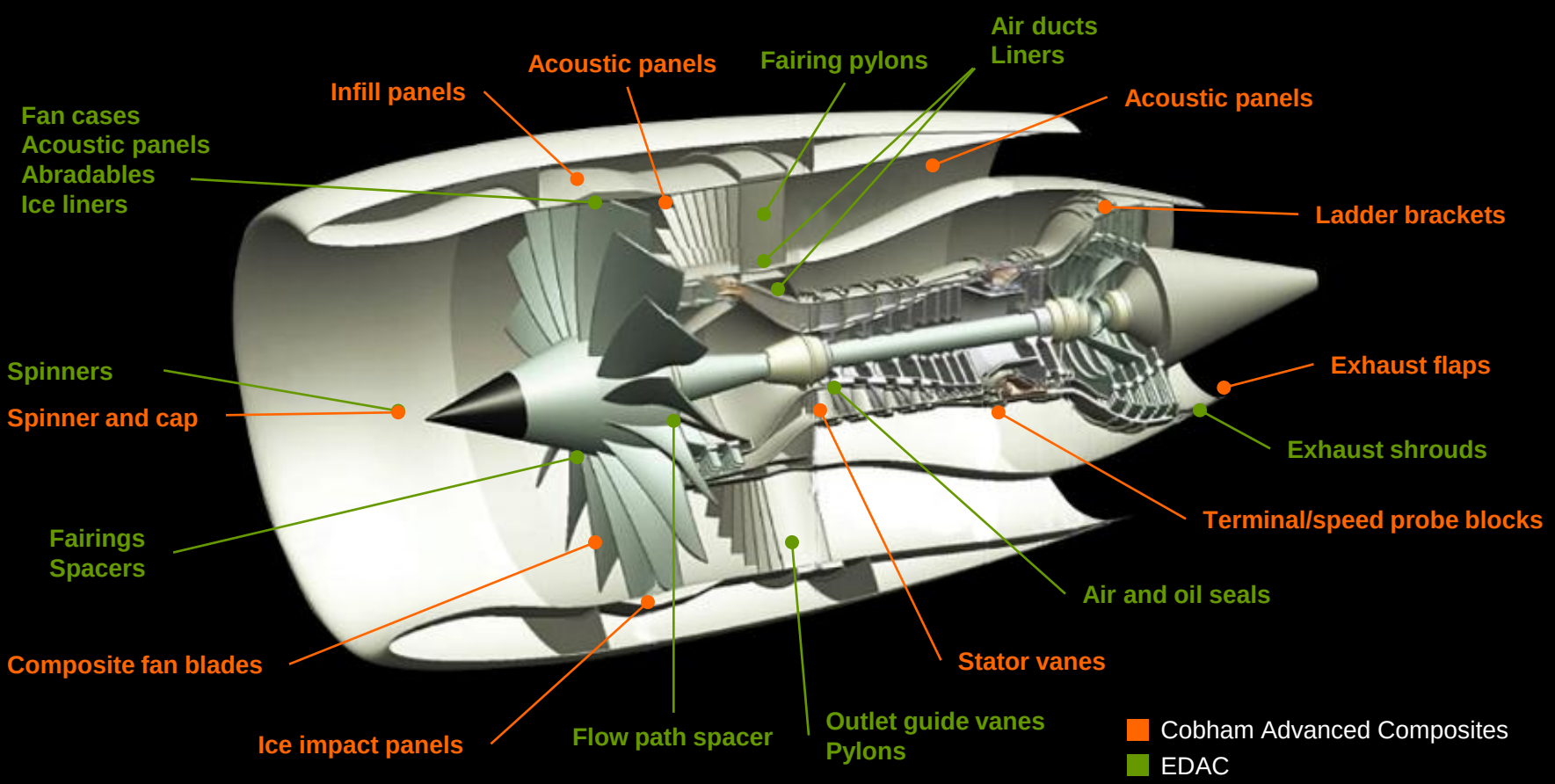
Meggitt Polymers & Composites

	Was	Now
Revenue	£170m	c£300m
Facilities	4	12
Square feet	1 million	1.5 million
Employees	1,800	2,900
Output	Glass-fibre based	Carbon-fibre

Now equipped to address any geometric challenge

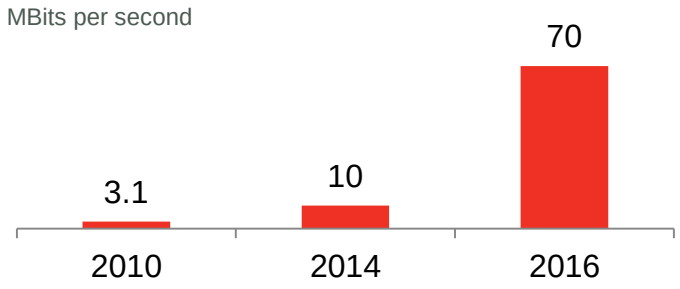
- Autoclave/out-of-autoclave
- RTM and VARTM
- Multi and single-axis compression moulding
- Injection moulding
- Bladder moulding
- Filament winding
- Assembly/bonding
- Product and process design
- Materials manufacturing
- MRO
- Tooling
- Special processes

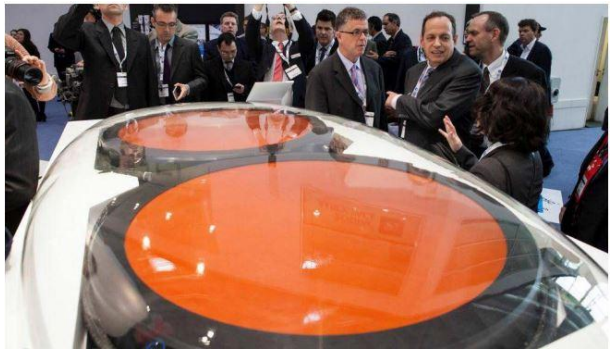
Engine of growth



In-flight connectivity opportunity

Gogo peak transmission speed

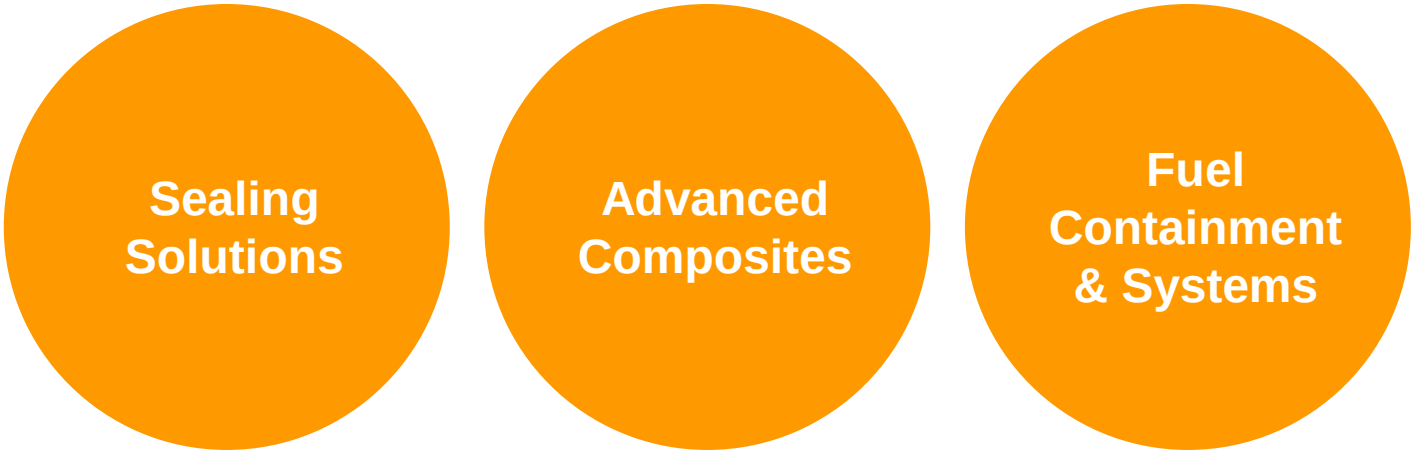




2Ku, Gogo's next generation satcom, enabled by Meggitt super-aerodynamic radomes

- Massive opportunity in aircraft satellite communications and passenger internet
- IFC market set to grow at CAGR of 35% until 2024
- Meggitt well-positioned to capture market share
- Sole-source contract with Gogo
- Significant opportunity to assemble with seals

Three value streams



Operational synergies

- Diverse manufacturing capabilities deliver competitive edge
- Combined engineering resource and shared materials and process best practice improve solutions
- Low-cost and transatlantic manufacturing delivers new flexibility
- Lower cost management overheads
- Consolidation of capabilities into Centres of Excellence
- In-sourced tooling, division-wide
- In-sourced seals – growth opportunities
- Integration capability enables seal and composite assembly proposition
- Group engineering resource to offer industry brand-new multi-functional composites

Delivering the business case

CAC

- Continued investment in capacity
- Cost synergy run-rate of $3.8m pa by end of year 3
- Up-front cost to achieve synergies of $4.3m
- Returns greater than WACC by end of year 3

EDAC

- Continued investment in capacity
- Cost synergy run-rate of $6m pa by end of year 3
- Up-front cost to achieve synergies of $4.8m
- Returns greater than WACC by end of year 3

- Numbers assume no revenue synergies
  - Very achievable targets
  - Revenue synergy opportunities will emerge over time
- Integration progressing well
- MPC management team compensation directly linked to delivering the numbers
- Great, high growth, complementary businesses with good synergies

Ticking all the boxes

for a large-scale, advanced composites business

	Ice protection	Secondary structures	Radomes	Engine components
Established MPC	✓ ✓	✓	–	–
Former Cobham businesses	–	✓	✓ ✓	✓
Former EDAC businesses	–	✓	–	✓ ✓

Value drivers

Meggitt Production System	→	Meggitt Production System – quality and delivery recognised as a differentiator by customers
Strong positions on growth platforms	→	Shipset value growth across total product offering on new generation aircraft
Delivering the acquisition numbers	→	Excellent strategic fit, merged businesses' capability magnified, scale enables growth and efficiency
Composites as a growth engine	→	Our market leadership enables us to capitalise on most rapid growth area in aerospace

Closing remarks

Stephen Young

Key value drivers

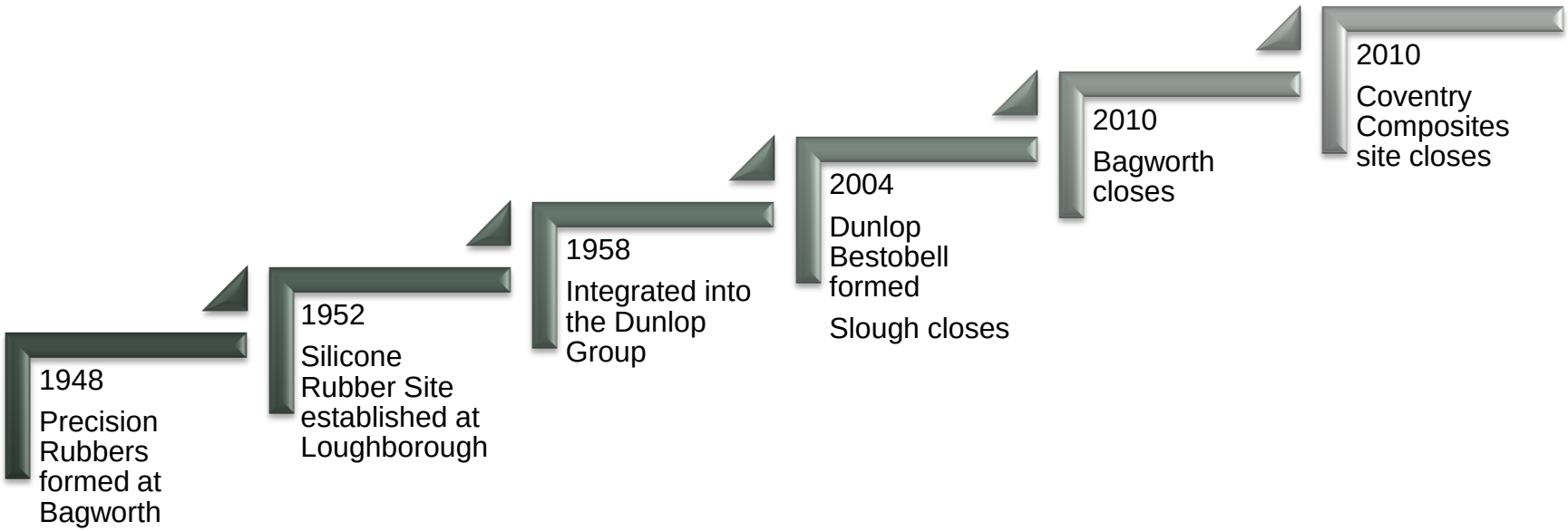
Programme execution	**Capitalise on the better content we have won on the latest generation of aircraft**
Meggitt Production System	**Drive a culture of continuous improvement across the business. Better operational performance will enhance shareholder return**
Customer Services & Support	**Increasing agility and responsiveness will drive aftermarket growth sustainably ahead of the market**
Footprint rationalisation	**Elimination of complexity and cost will deliver greater efficiency**
Capital deployment	**Disciplined capital allocation is key. Enhanced returns will enable greater financial flexibility**

Polymers & Composites Loughborough

Chris Hopper

Aircraft seals

Loughborough development



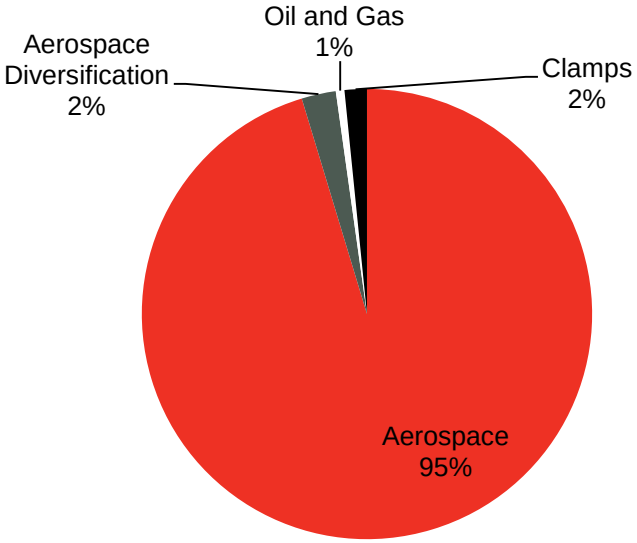
» From a headcount of 390 in 2006, to current day headcount of currently 475

Aircraft seals

Loughborough market place

- MPC Seals predominantly create bespoke aerospace sealing solutions for dynamic and static environments; with 120,000 designs on its books and 11,000 in production a year we find ourselves situated on virtually every aerodynamic surface on an aircraft.

- These seals are developed to be:
  - Aerodynamic
  - Pressure retaining
  - Fire resistant and fire proof
  - Fluid retaining
  - Conductive
  - Preventative coatings

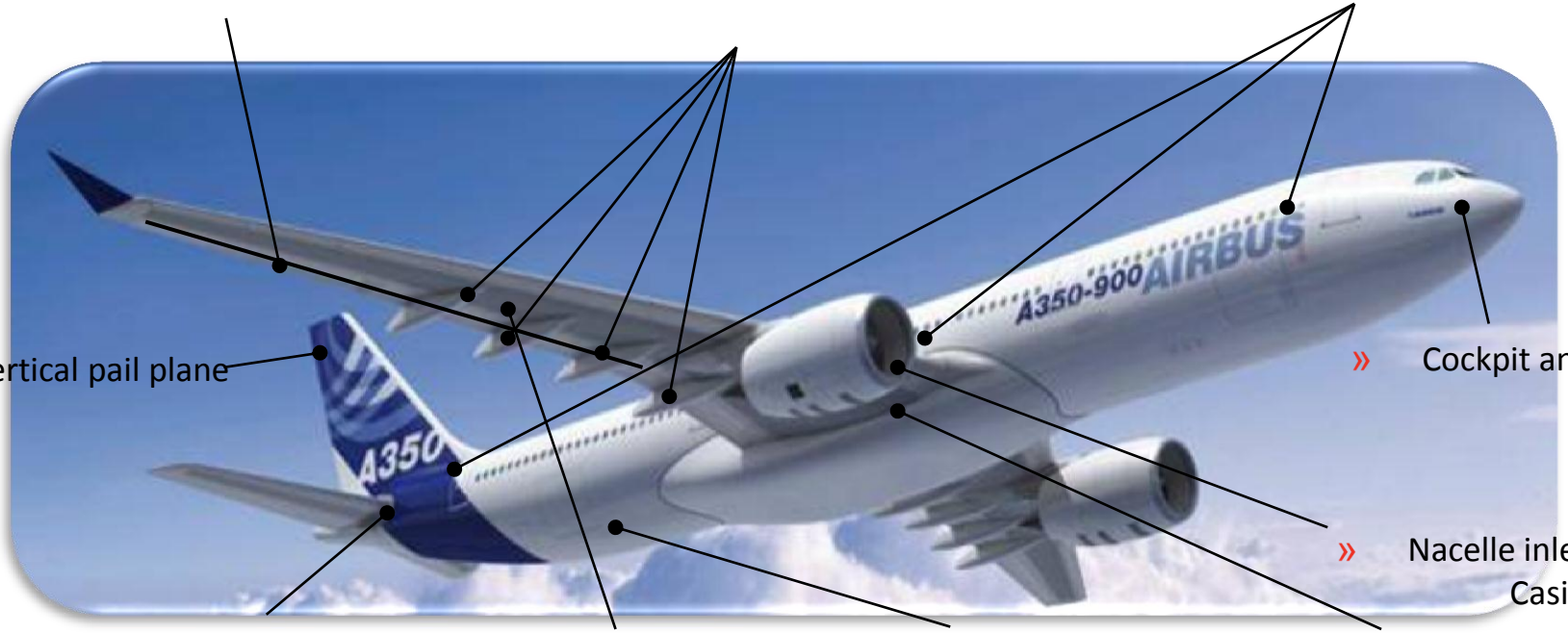


MPC Markets

Polymers and Composites

Applications

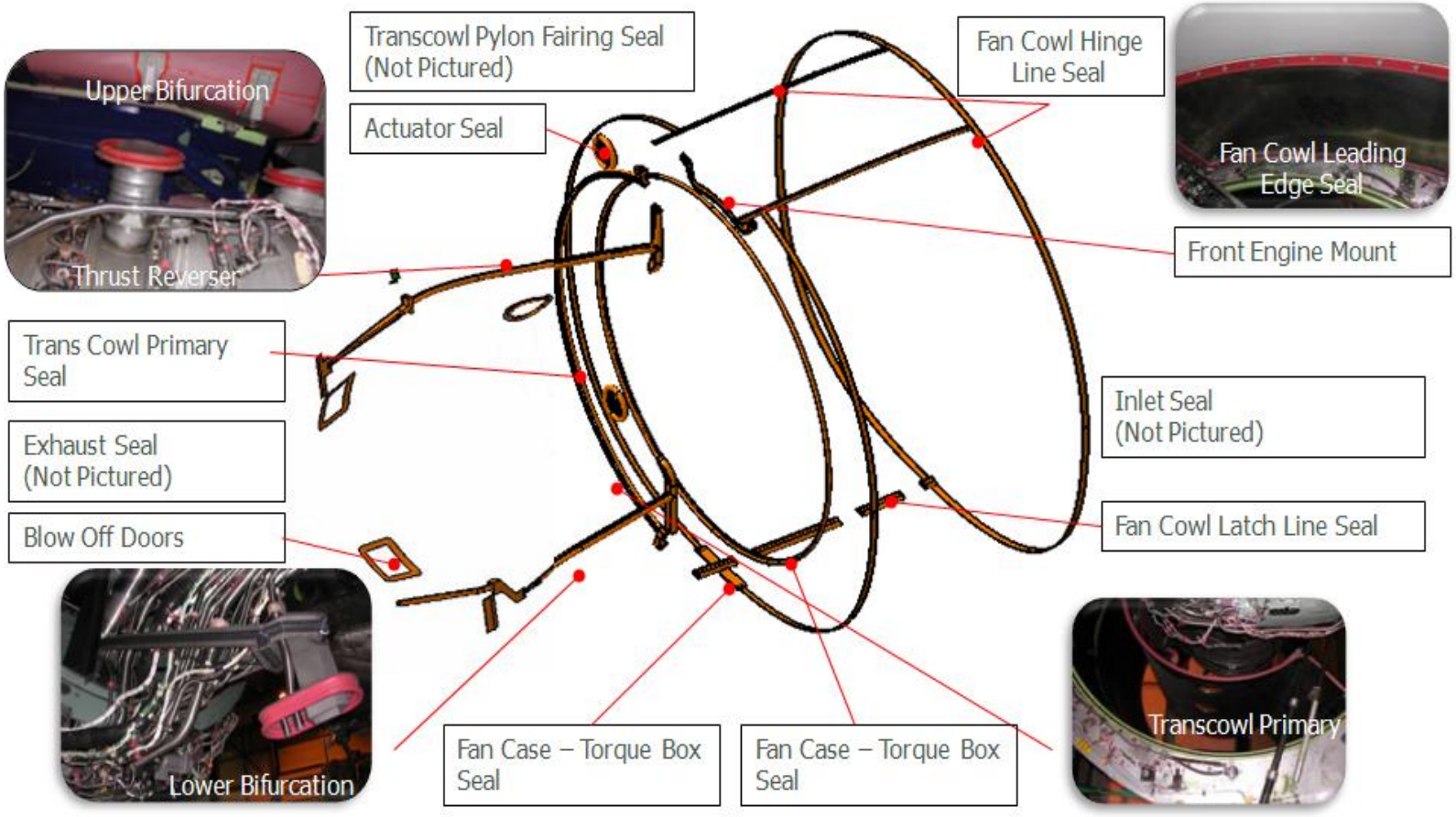
- Fixed trailing edge & MLG
- Flap support fairing
- Windows
- Passenger entry doors



- Vertical pail plane
- Cockpit and NLG
- Nacelle inlet and far Casing
- Horizontal tail plane and empennage
- Movable wing
- Cargo door seal
- Belly fairing

Polymers and Composites

Applications - Detail



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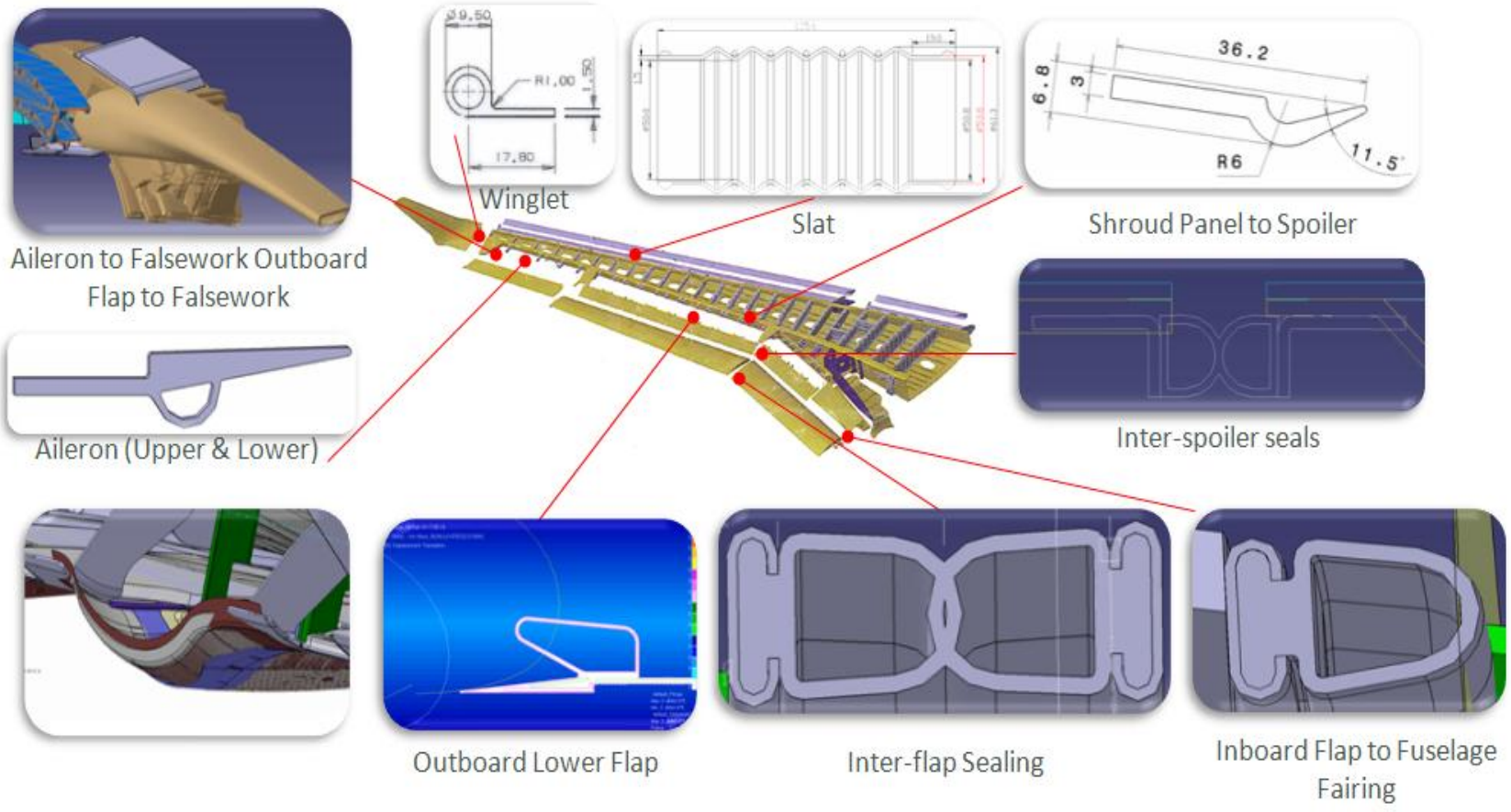
Polymers and Composites

Applications - Detail



Polymers and Composites

MPC Loughborough site tour

- Tour Stops
  - Live module quality clinic/site quality improvements -Pete Lewzey and central quality team
  - Workflow/supply cell- Mike Woodward and Steve Evans
  - Customer service-Beverley Pratt-Thompson plus 1
  - EHS Deal with it campaign-Aimee Harvey and Tracy Woolley

- Tour leads
  - Group 1-Chris Hopper SVP Sealing Solutions
  - Group 2-Paul Hewins Interim Operations Director
  - Group 3-Scott Mawby Sales and marketing Director
  - Group 4-Karl McIntyre BDM

- Proposed 15 minute sessions for each demonstration, 5 minutes transfer

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Polymers and Composites

MPCL Safety Induction

- Ensure you stay with your Meggitt representative at all times when onsite
- Ensure you use the pedestrian walk ways and zebra crossings when walking between buildings
- Safety glasses and safety shoes are mandatory across all manufacturing areas
- Ensure you stay within the blue walkways during the manufacturing tour, unless your Meggitt representative guides you to a work station
- If you have any questions regarding safety please ask your Meggitt representative

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