Interim results presentation
Six months ended 30 June 2011

2 August 2011

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2011 H1 highlights

- Strong H1
  - Revenues up 18% vs H1 2010; organic 13%
  - All market segments growing
  - Underlying EPS up 17%
- Excellent cash flow
  - Free cash flow up 70% to £75m
  - Net debt to EBITDA 1.9x
  - Earliest refinancing 2013
- PacSci acquisition completed
  - Trading as expected
  - Integration progressing well
- Transformation cost savings of £57m achieved
- Interim dividend up 12% to 3.20p

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Income statement – H1

£m	Underlying 2011	Underlying 2010	*Growth*	Statutory 2011	Statutory 2010
Revenue	649.8	549.7	*18%*	649.8	549.7
Operating profit	164.0	141.3	*16%*	130.0	91.4
Finance costs	(17.8)	(25.1)		(17.8)	(25.1)
Profit before tax	146.2	116.2	*26%*	112.2	66.3
Tax	(36.5)	(31.4)		(23.0)	(14.5)
Tax rate	*25.0%*	*27.0%*			
Profit after tax	109.7	84.8	*29%*	89.2	51.8
EPS	14.4p	12.3p	*17%*	11.7p	7.5p
Dividend	3.20p	2.85p	*12%*	3.20p	2.85p

A full reconciliation of underlying and statutory figures is given in notes 4 and 10 of today's interim announcement

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Cash flow – H1

£m	2011	2010	Change
Underlying EBITDA	**196.7**	**171.0**	**15%**
Working capital movement	(12.0)	(27.2)	
Capex	(19.2)	(11.4)	
Capitalised R&D and PPC's	(32.5)	(33.1)	
Underlying operating cash flow	**133.0**	**99.3**	**34%**
Pension deficit payments	(9.9)	(11.0)	
Operating exceptionals	(8.5)	(9.7)	
Interest and tax	(39.9)	(34.6)	
Free cash flow	**74.7**	**44.0**	**70%**
Dividends paid (net of scrip)	(24.1)	(19.9)	
M&A and issue of share capital	(170.1)	3.6	
Net cash flow	**(119.5)**	**27.7**	

Balance sheet/covenant ratios

£m	At 1 Jan 2011 at $1.57	FX	PacSci	Other	At 30 Jun 2011 at $1.61
Total assets (excluding cash)	3,249.9	(31.7)	469.9	15.1	3,703.2
Retirement benefit obligations	(265.1)	3.9	(1.7)	0.9	(262.0)
Other liabilities	(825.2)	9.9	(51.8)	(0.6)	(867.7)
Capital employed	2,159.6	(17.9)	416.4	15.4	2,573.5
Net debt	(721.4)	(0.5)	(170.4)	44.5	(847.8)
Net assets	1,438.2	(18.4)	246.0	59.9	1,725.7
Covenant ratios					
Net debt/EBITDA (≤3.5x)	1.9x				1.9x
Interest cover (≥3.0x)	9.1x				11.1x

» No refinancing required until 2013

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Good organic growth in H1

£m	Revenue			Underlying operating profit			Underlying profit before tax		
	2011	**2010**	*change*	**2011**	**2010**	*change*	**2011**	**2010**	*change*
Reported	649.8	549.7	*18%*	164.0	141.3	*16%*	146.2	116.2	*26%*
PacSci	(55.8)			(12.2)			(11.9)		
Meggitt excl PacSci	594.0	549.7	*8%*	151.8	141.3	*7%*	134.3	116.2	*16%*
Convert to 2010 FX	27.4			6.9			5.8		
Organic growth	621.4	549.7	*13%*	158.7	141.3	*12%*	140.1	116.2	*21%*

Strong momentum in revenues
Quarter on prior year, constant FX

	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2
Civil aerospace OEM	-17%	9%	9%	11%	23%	30%
Civil aerospace AM	-9%	-2%	6%	29%	9%	18%
Total civil aerospace	**-12%**	**1%**	**7%**	**23%**	**14%**	**22%**
Other civil markets	-11%	-6%	12%	6%	16%	28%
Total civil	**-11%**	**-1%**	**8%**	**18%**	**14%**	**23%**
Total military	**-7%**	**-6%**	**-8%**	**2%**	**10%**	**4%**
Group excl PacSci	**-10%**	**-2%**	**1%**	**10%**	**12%**	**15%**

Divisional financials

Revenue 2011 £m	Revenue Constant FX growth		Underlying OP 2011 £m	Underlying OP Constant FX growth	Return on sales 2011	Return on sales 2010
147.0	6%	Aircraft Braking Systems	**53.0**	2%	**36.1%**	37.5%
93.9	9%	Control Systems	**24.3**	9%	**25.9%**	25.8%
79.8	12%	Polymers & Composites	**14.8**	1%	**18.5%**	20.7%
112.0	16%	Sensing Systems	**20.4**	11%	**18.2%**	18.4%
161.3	22%	Equipment Group	**39.3**	42%	**24.4%**	20.9%
594.0	13%	Group excl PacSci	**151.8**	12%	**25.6%**	25.7%
55.8		PacSci (2 months)	**12.2**		**21.9%**	
649.8		**Total Group**	**164.0**		**25.2%**	25.7%

PacSci performance

$m	H1 (like for like)		
	2011	2010	Growth
Revenue incl DHR contract	201.3		
Ongoing revenue	198.9	178.4	11%
Operating profit	32.5	30.1	8%
Return on sales	16.3%	16.9%	

Commercial highlights

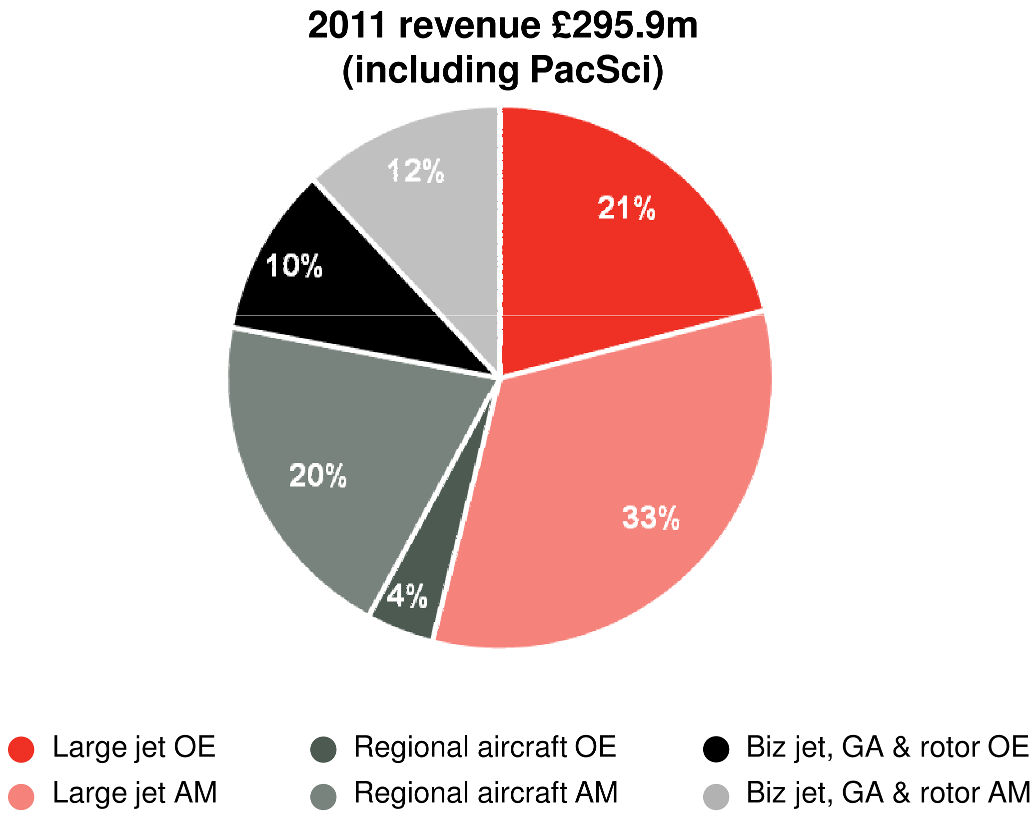
- Pratt & Whitney PurePower® engine wins
- B1 Bomber wheels & brakes upgrade
- Particle discriminating smoke detection – KC-46 contract
- Lightweight & high energy density batteries on G650
- Training Systems international contracts
  - BATUS, Canada
  - ADF Weapons Training Simulation System support
- Energy – multiple order wins
  - 1st waste heat management contract
- Electro-thermal ice protection developments

Group revenue by segment

H1 2011 revenue £649.8m (including PacSci)

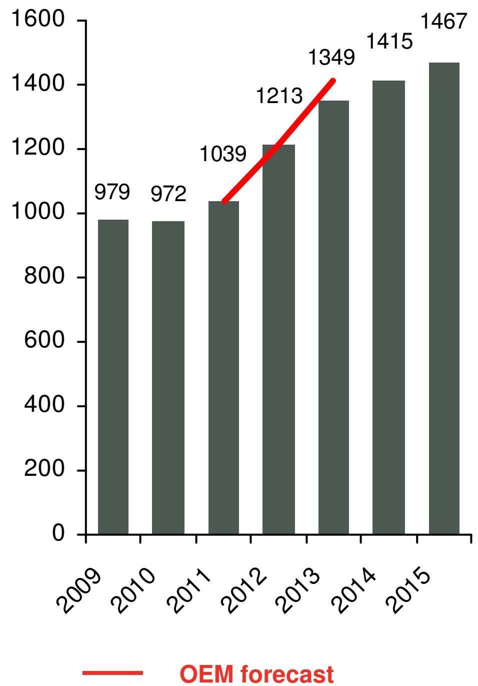
H1 2010 revenue £549.7m (excluding PacSci)

Civil aerospace
45% of total revenue

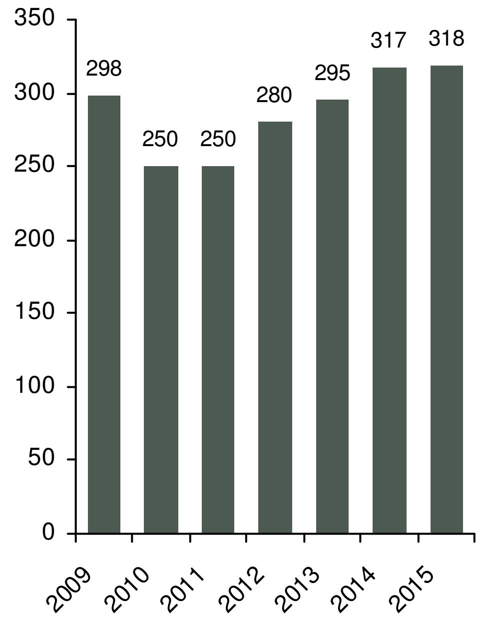


Aircraft OE deliveries

Large jet

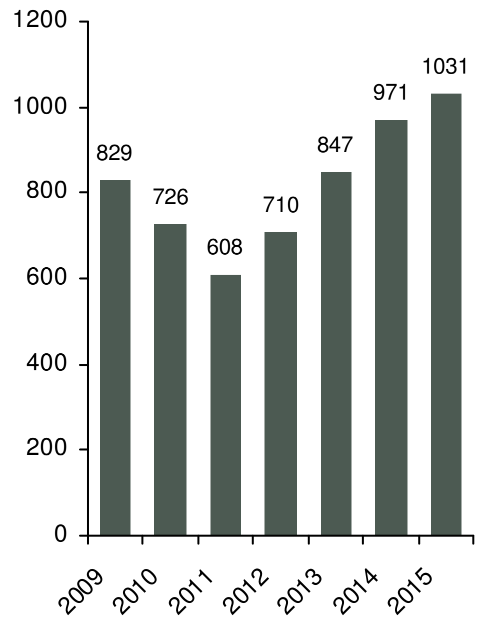


Regional aircraft



Business jet

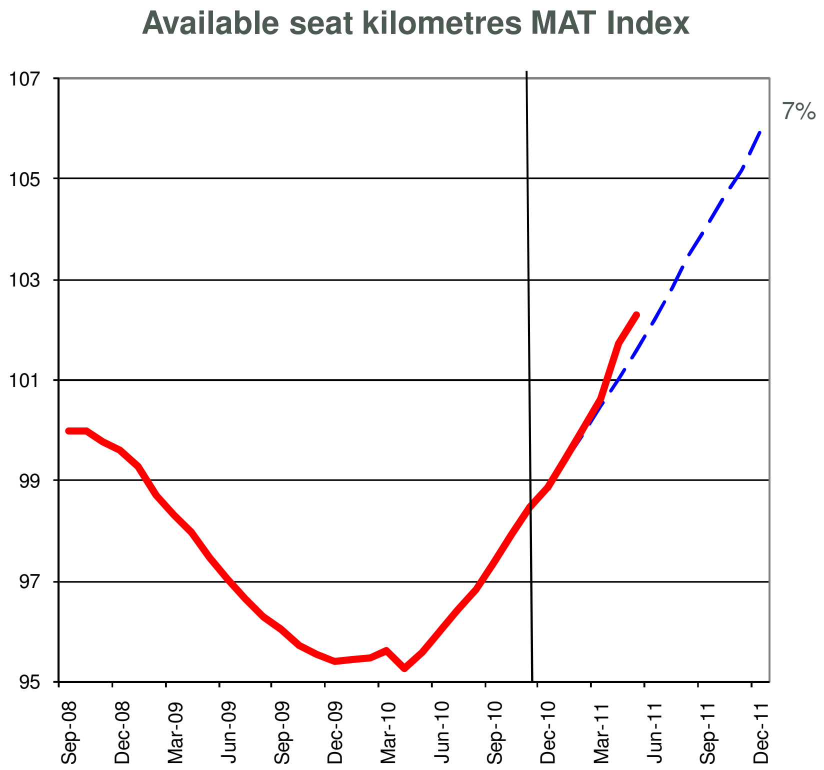
Excludes GA

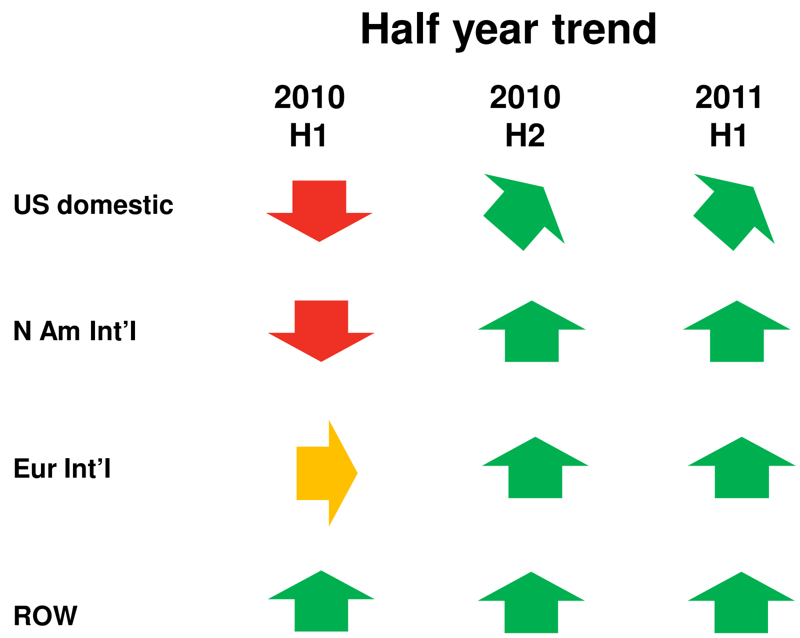


Source: Management estimates

Civil aerospace aftermarket

Large jets and regionals





Source: Meggitt management

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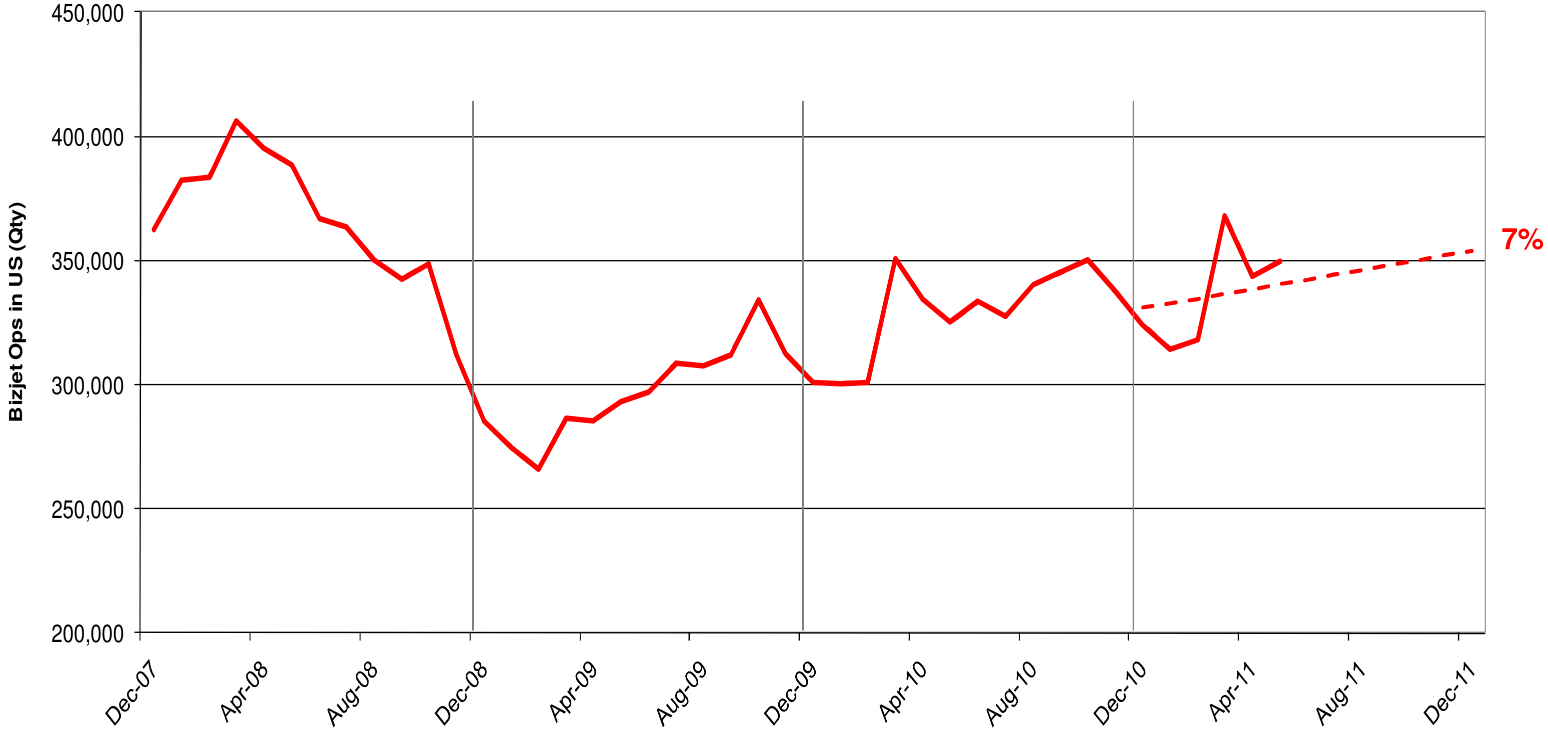
Civil aftermarket
Business jets

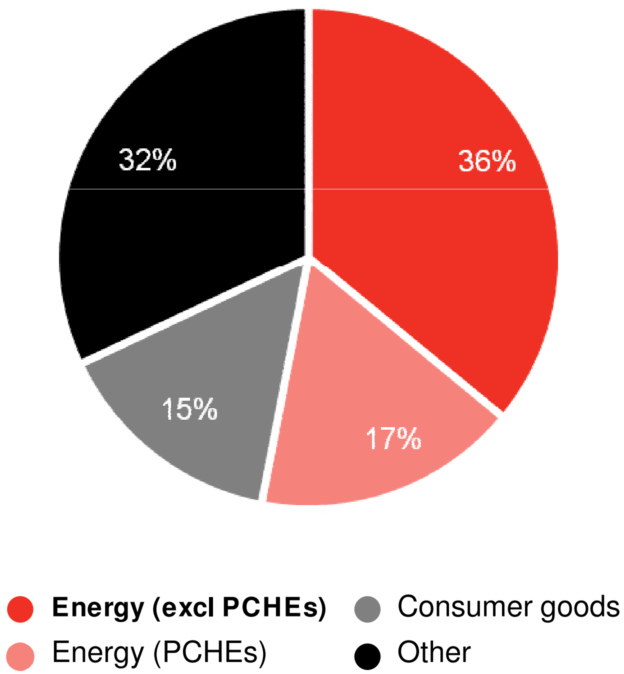


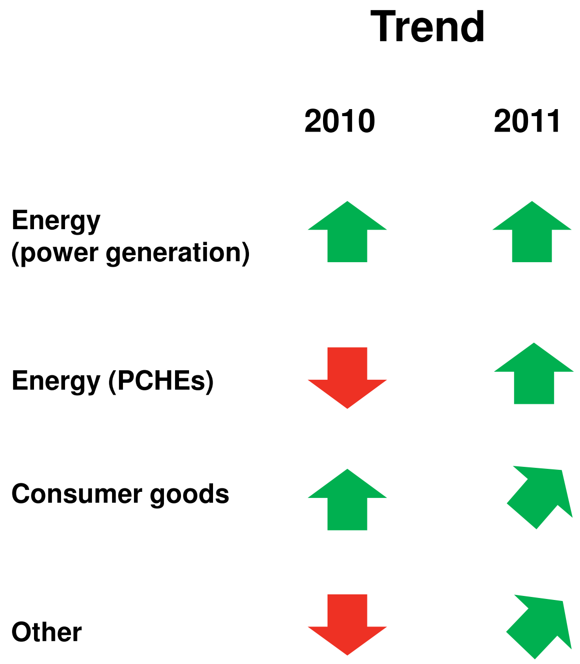
Source: Meggitt management

Other markets

15% of total revenue

Other revenue by market £94.4m



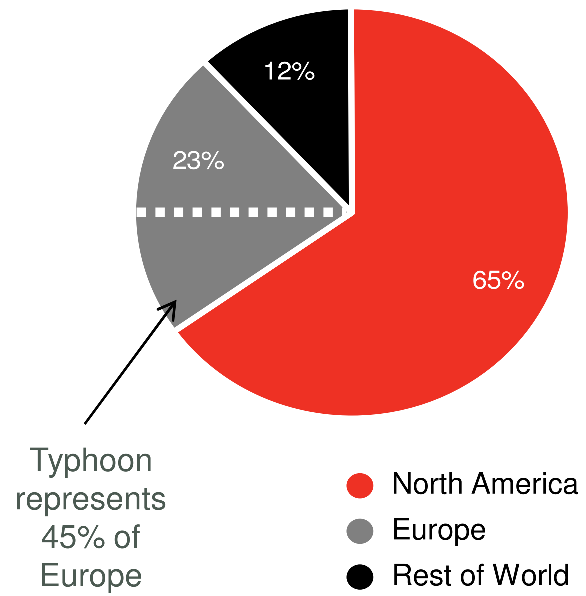


PCHE = printed circuit heat exchanger

Military

40% of total revenue

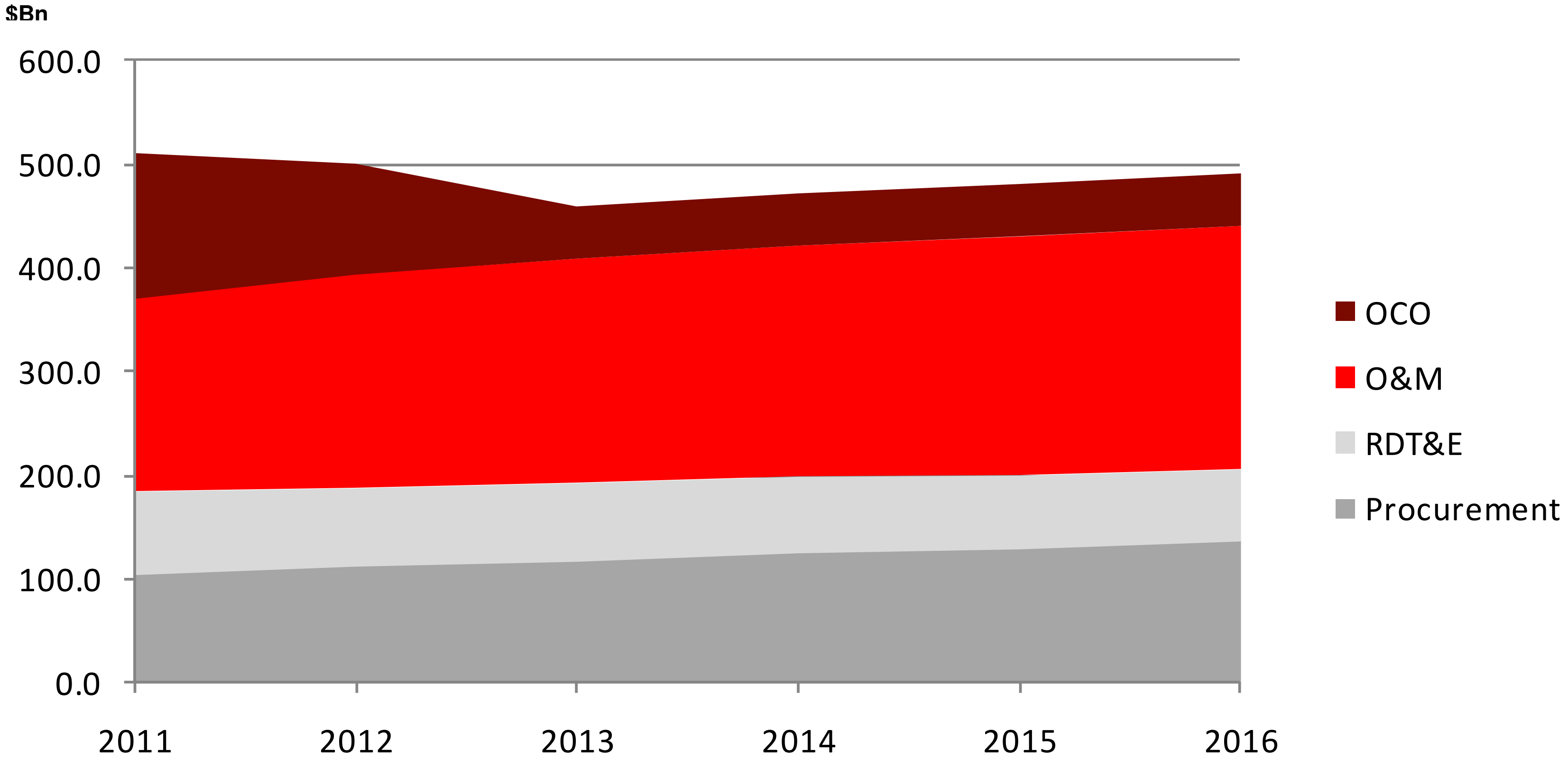
Meggitt military revenue by destination



Military OE 60%: Aftermarket 40%

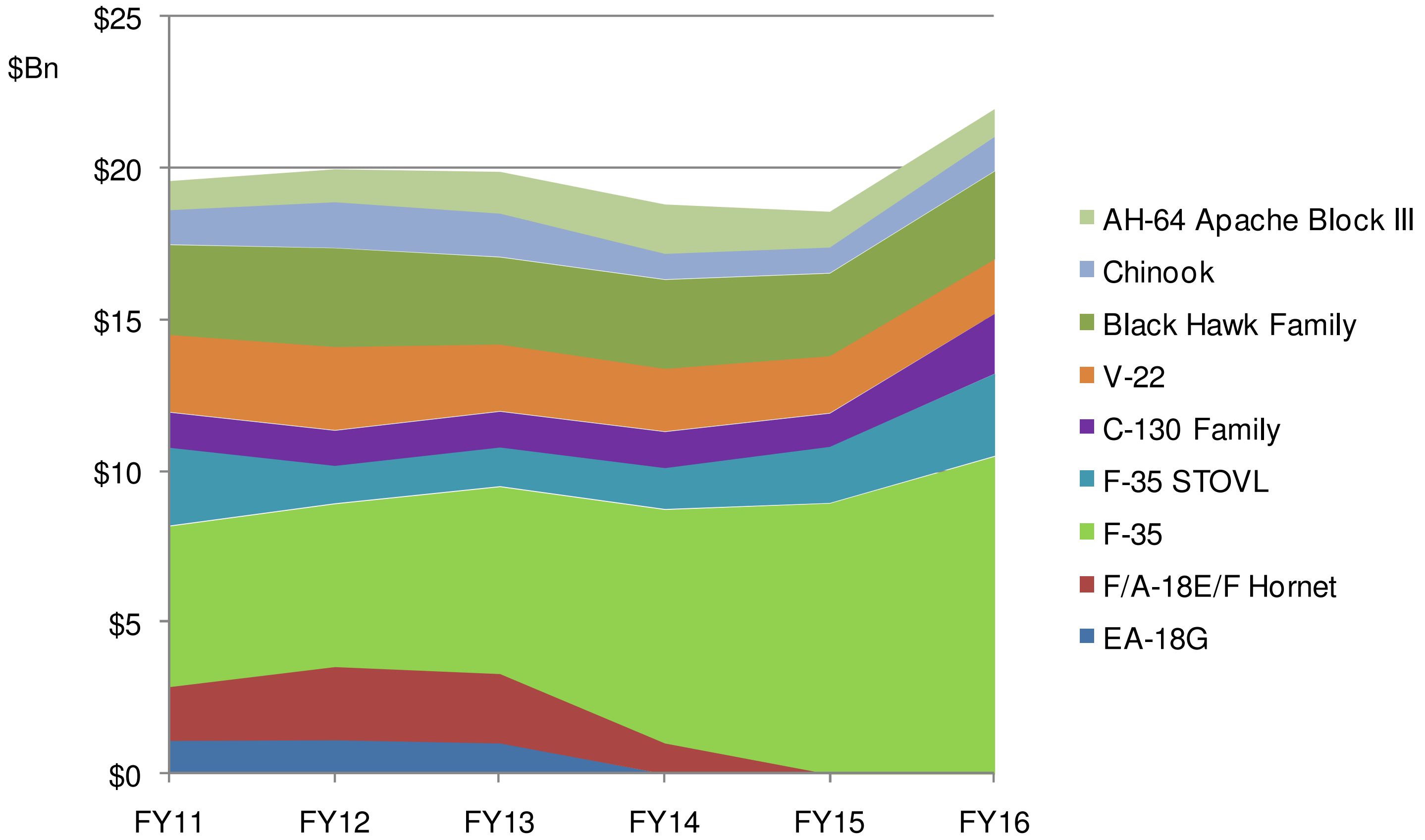
Source: Estimates based on 2010 actual data

US DoD budget projections
excl personnel and construction



Source: DoD National Defense Budget estimates for FY 2012

DoD procurement of key Meggitt platforms



Source: DoD/TechAmerica

Military - growth opportunities in uncertain times

Source: Meggitt management

Growth expectations based on:

» **Solid OE programmes**

» **Growing fleet**

» **Retrofit opportunities**

» **Increased outsourcing = bigger shipset values**

» **Counter-cyclical training demand**

Transformation...investing for higher growth

- **Strengthening our sales and marketing organisation**
  - Resources centralised at Division level to ensure alignment
  - Group strategic account management expanded
  - Programme and commercial management being strengthened
- **Enhancing our engineering**
  - Resources pooled at Division level with greater group-wide collaboration
  - Common, group-wide processes including peer reviews
  - Now driving technology development from the centre
  - More internal and outsourced resources
- **Deepening our focus on continuous improvement**
  - Additional heads in procurement, quality and manufacturing engineering
  - Driving down manufacturing costs and reducing working capital needs
  - Shared services rolling out in support functions – better processes at lower cost
- **Underpinned by continued roll out of SAP**
  - 8 sites live, 4 more planned for 2011
  - Programme being extended to PacSci businesses

2011 H1 summary

- Strong organic revenue growth
- Underlying PBT up 26%; underlying EPS up 17%
- Excellent free cash flow
- Strong balance sheet - net debt to EBITDA 1.9x
- PacSci acquisition completed
  - Integration and trading on track
- Transformation savings complete
- Interim dividend up 12%

Outlook

- Strong momentum in civil
  - Civil OE deliveries growing
  - Further ASK growth
  - Biz jet recovery continues
  - Energy – strong demand
  - Tougher comparatives
- Military – uncertain outlook but continuing opportunities
- PacSci in line with expectations
- H1 organic orders up 13%
- Further good organic growth

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Appendices

1. Currency PBT impact
2. Operating exceptionals
3. Investment accounts
4. Shares in issue

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Currency PBT impact

	2009	2010	H1 2011	H2 2011	FY 2011	FY 2012
$/£ rate	**Act**	**Act**	**Act**	**Est**	**Est**	**Est**
Translation rate (unhedged)	1.58	1.54	1.63	1.63	1.63	1.63
Transaction rate (hedged)	1.80	1.65	1.65	1.65	1.65	1.66
CHF rate						
£ Translation rate (unhedged)	1.69	1.60	1.44	1.35	1.39	1.35
$ Transaction rate (hedged)	1.06	1.13	1.05	1.01	1.03	0.83
PBT impact £m						
Year-on-year translation			(4.4)	(2.8)	(7.2)	1.0
Year-on-year transaction			(1.4)	(2.6)	(4.0)	(12.3)
Year-on-year currency benefit/(headwind)			(5.8)	(5.4)	(11.2)	(11.3)

2011 currency sensitivity: ± 5 cents = ± £7m PBT (£6m Excl PacSci)

Operating exceptionals

£m	2010 FY Act at $1.54	2011 H1 Act at $1.63	2011 FY Est at $1.63
P&L charge			
Transformation	13.2	2.8	5.4
K&F integration	1.2	-	-
Site consolidation	-	1.9	3.3
PacSci integration	-	1.5	6.9
PacSci acquisition	1.3	5.8	5.8
Total	15.7	12.0	21.4
Cash out			
Transformation	13.7	1.9	4.0
K&F integration	1.1	-	-
Site consolidation	-	0.4	1.1
PacSci integration	-	0.3	5.8
PacSci acquisition	0.7	5.9	6.4
Total	15.5	8.5	17.3

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Investment accounts

£m	H1 2011 at $1.63	FY 2011 est at $1.63	2012 est at $1.63
1.R&D			
Total expenditure	47.5	107.2	120.2
Less: customer funded	(11.1)	(23.7)	(25.7)
Company spend	36.4	83.5	94.5
Capitalised	(17.3)	(40.1)	(43.3)
Amortised	4.8	11.3	13.7
Income statement	23.9	54.7	64.9
2.Programme participation costs			
Capitalised	16.1	34.3	38.2
Amortised	10.1	21.6	24.2
3.Fixed assets			
Capitalised	18.7	53.2	63.0
Depreciation	17.8	39.7	45.8
4.Net capitalisation	19.4	55.0	60.8
5.Retirement benefit deficit reduction payments	9.9	26.0	29.0

Shares in issue

Shares in millions	2010	2011 H1	2011 Est	2012 Est
Opening	685.3	698.0	698.0	778.0
Scrip/other*	12.7	8.2	10.2	2.3
Placing**	-	69.8	69.8	-
Closing	698.0	776.0	778.0	780.3
Average	691.5	761.9	769.7	779.2

** Assumes zero further take up of scrip in 2011/2 and options exercised as per 2010*

***Effective date 21 Jan 2011*

