2011 Full-year results

6 March 2012

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2011 – A year of outstanding growth
Highlights

- Reported order intake up 26% (organic +12%)
- Reported revenues up 25% (organic +12%)
- Underlying profit before tax up 26%
- Underlying EPS up 15%
- PacSci performing well – synergy target raised by 25%
- Free cash flow up 15%
- Proposed full year dividend up 14% at 10.5p

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Income statement

£m	Underlying*				Statutory	
			Growth			
	2011	**2010**	*Reported*	*Organic***	**2011**	**2010**
Revenue	1,455.3	1,162.0	*25%*	*12%*	1,455.3	1,162.0
Operating profit	359.5	303.7	*18%*	*8%*	262.5	220.1
Finance costs : Interest	(32.0)	(37.8)			(32.0)	(37.8)
Pension	(4.5)	(9.8)			(4.5)	(9.8)
Profit before tax	323.0	256.1	*26%*	*14%*	226.0	172.5
Tax	(77.5)	(64.0)			(41.1)	(33.7)
Tax rate	*24.0%*	*25.0%*				
Profit for the year	245.5	192.1	*28%*	*16%*	184.9	138.8
EPS	31.9p	27.8p	*15%*	*14%*	24.0p	20.1p
Dividend	10.50p	9.20p	*14%*		10.50p	9.20p

* A full reconciliation from underlying to statutory figures is given in notes 3 and 9 of today's full-year announcement.

** At constant exchange rates and excluding PacSci.

Divisional financials

Revenue 2011 £m	Revenue 2010 £m			Underlying Operating Profit 2011 £m	Underlying Operating Profit 2010 £m		Return on Sales 2011	Return on Sales 2010
330.7	309.7	*+7%*	Aircraft Braking Systems	123.8	120.7	*+3%*	37.4%	39.0%
208.3	182.8	*+14%*	Control Systems	49.4	44.7	*+11%*	23.7%	24.5%
177.2	156.0	*+14%*	Polymers & Composites	32.8	28.4	*+15%*	18.5%	18.2%
237.7	208.4	*+14%*	Sensing Systems	43.0	39.5	*+9%*	18.1%	19.0%
538.0	305.1	*+76%*	Equipment Group	118.6	70.4	*+68%*	22.0%	23.1%
(36.6)			*FX**	*(8.1)*				
1,455.3	**1,162.0**	*+25%*	**Total**	**359.5**	**303.7**	*+18%*	**24.7%**	**26.1%**
189.6			*PacSci*	*38.2*			*20.1%*	

* Adjusts divisional results from constant 2010 currency to 2011 actual rates

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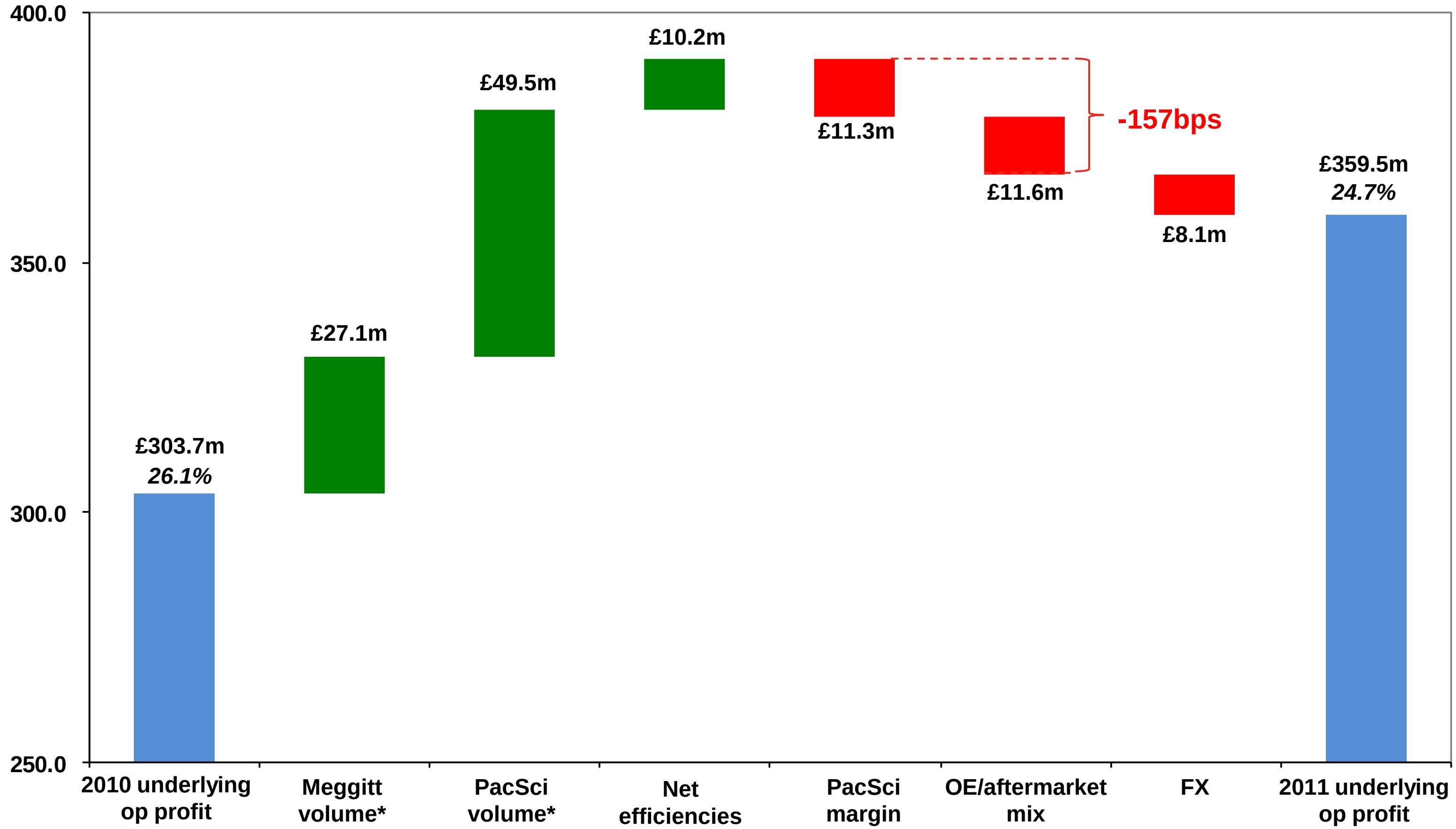
Operating profit/margin bridge



* At 2010 Group average margin and 2011 FX

Cash flow
Reconciliation from underlying EBITDA

£m	2011	2010	Change
Underlying EBITDA	**428.5**	**364.4**	**+18%**
Working capital movement	(6.5)	(10.0)	
Capex	(44.6)	(27.5)	
Capitalised R&D and PPCs	(74.4)	(61.9)	
Underlying operating cash flow	**303.0**	**265.0**	**+14%**
Pension deficit payments	(26.2)	(23.1)	
Operating exceptionals	(17.1)	(15.5)	
Interest and tax	(73.3)	(63.8)	
Free cash flow	**186.4**	**162.6**	**+15%**
Dividends paid (net of scrip) & issue of share capital	(44.9)	(25.5)	
Mergers and acquisitions	(171.6)	0.0	
Net cash flow	(30.1)	137.1	

Financing and covenants
Very strong balance sheet

£m	As at Jan 1 2011	FX	PacSci	Other	As at Dec 31 2011
Total assets (exc cash)	3,249.9	35.4	553.7	52.5	3,891.5
Retirement benefit obligations	(265.1)	(1.1)	(1.7)	(52.0)	(319.9)
Other liabilities	(825.2)	(5.8)	(135.3)	(23.6)	(989.9)
Capital employed	***2,159.6***	***28.5***	***416.7***	***(23.1)***	***2,581.7***
Net debt	(721.4)	(13.9)	(170.7)	117.6	(788.4)
Net assets	**1,438.2**	**14.6**	**246.0**	**94.5**	**1,793.3**
Net debt/EBITDA*	**1.9x**				**1.7x**
Interest cover*	**9.1x**				**12.4x**

* As defined in financing agreements

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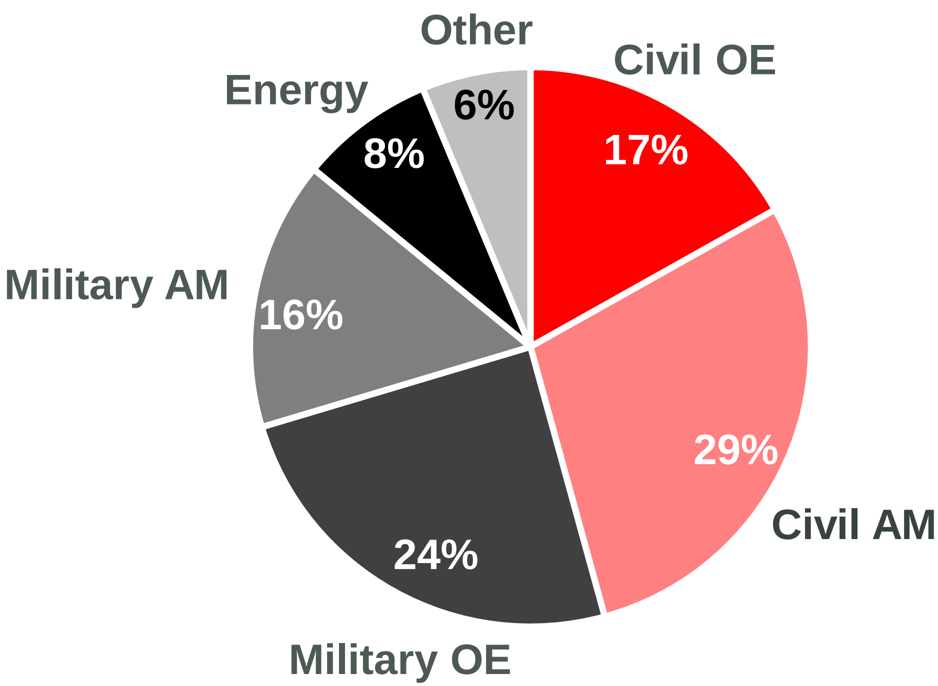
Group revenue by market
A well balanced portfolio



	2011 Growth	
	Total	**Organic**
Civil OE	63%	26%
Civil AM	22%	12%
Total Civil	35%	16%
Total Military	15%	5%
Energy	34%	28%
Other	21%	5%
Total Group	25%	12%

OE: 53%, aftermarket: 47%

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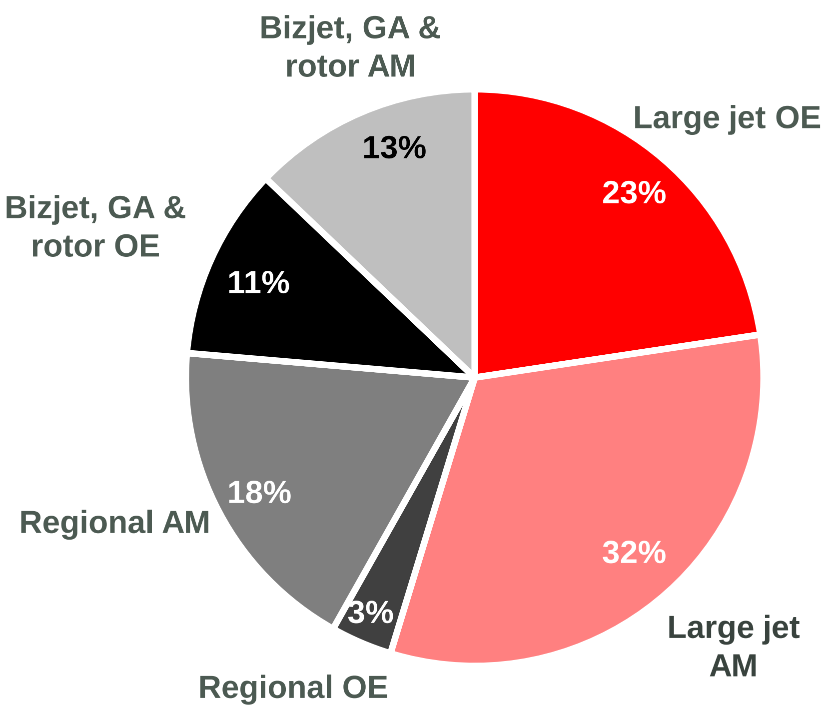
Civil aerospace
46% of total revenue



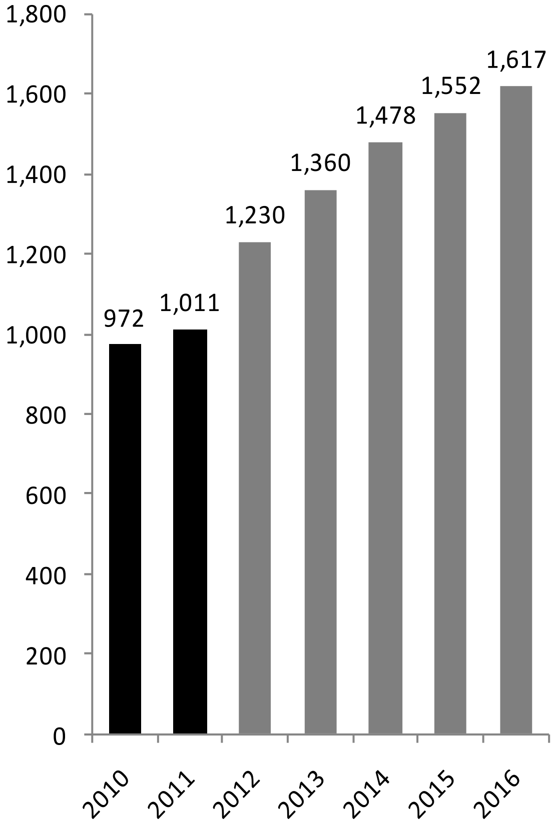
2011 revenue £665.6m

Commercial highlights:

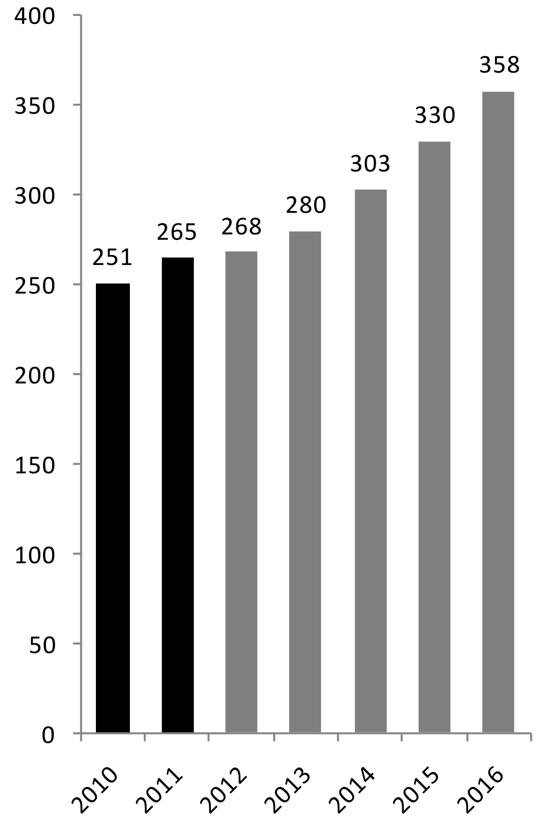
- » Civil orders and revenues up 35% on 2010 (organic +14% and +16%)
- » Growing content on PurePower®, including $1bn thermal management package
- » Good content on LEAP engine including full engine sensing package worth $200m
- » TPMS contracts won totalling $300m
- » Bombardier Global 7000 & 8000 fire protection systems

Aircraft OE deliveries
Continued growth in all platform categories

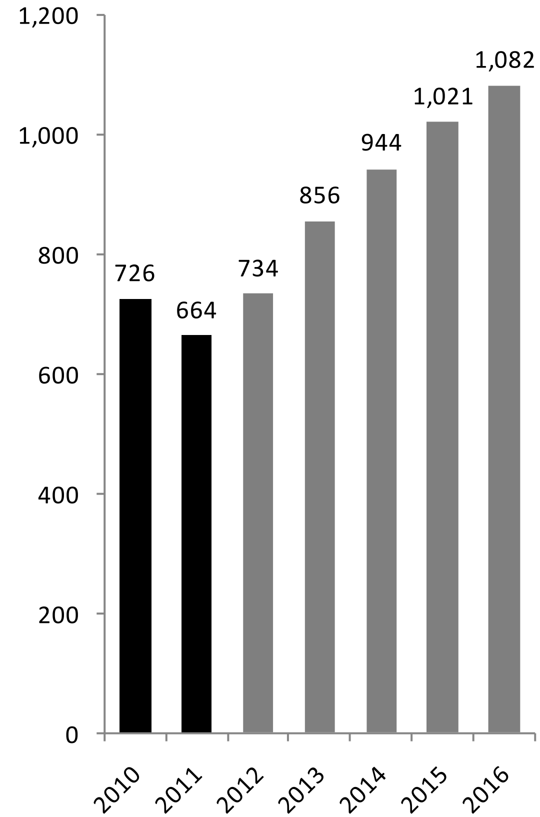
Large jet - 23% of civil revenues



Regional aircraft - 3% of civil revenues



Business jet - 11% of civil revenues



Source: Meggitt estimates

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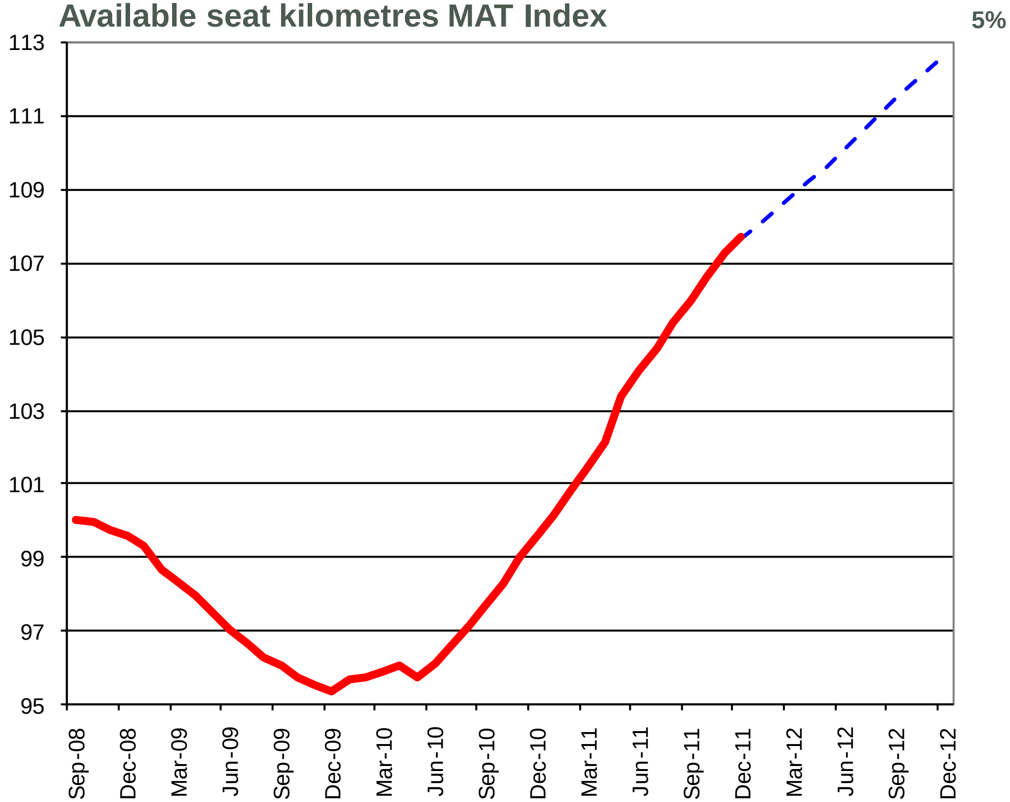
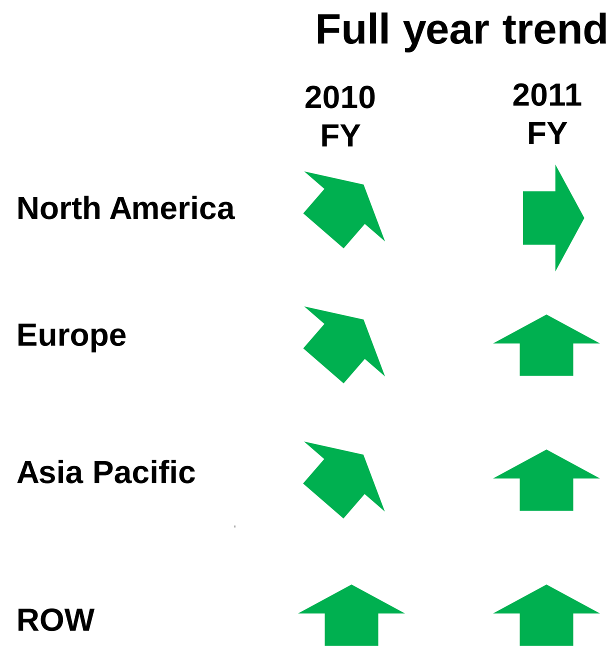
Civil aerospace aftermarket
Large jets and regionals

Large jet and regional aircraft aftermarket - 50% of civil revenues

Available seat kilometres MAT Index



Source: Meggitt estimates



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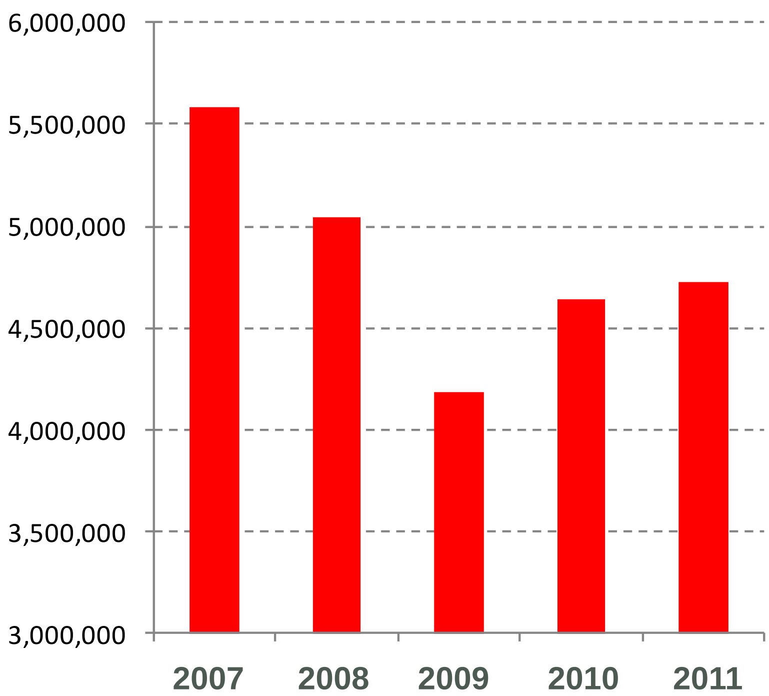
Civil aerospace aftermarket
Business jets

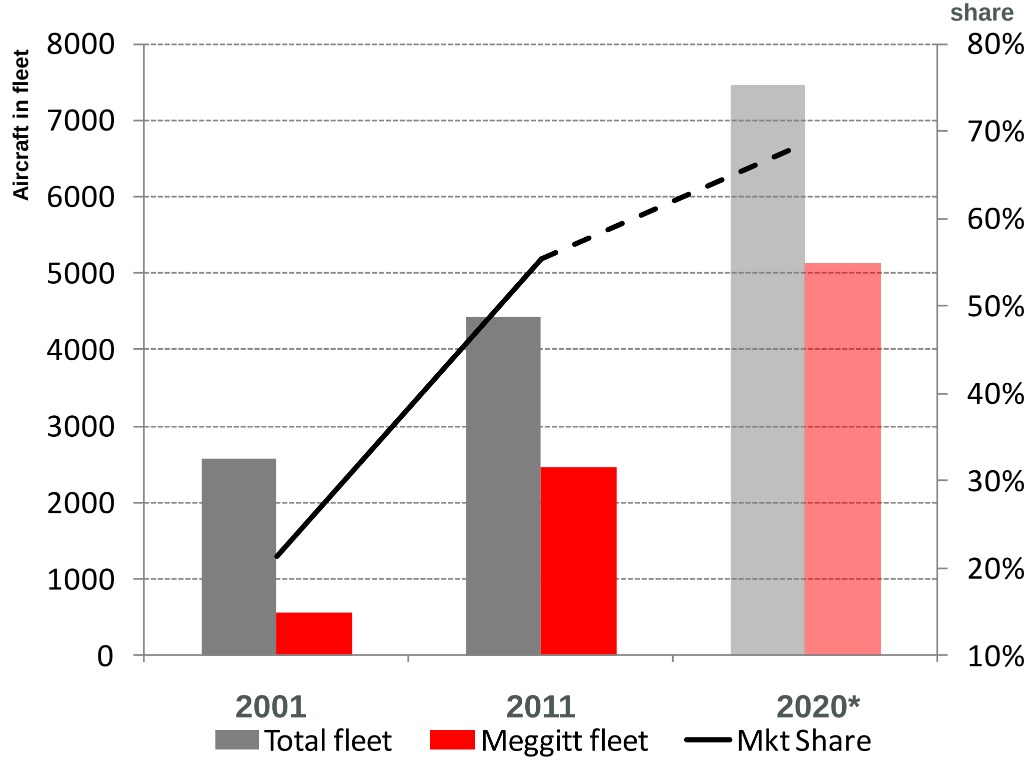
Business jet aftermarket - 13% of civil revenues

US & EU business jet operations



Source: Meggitt estimates

Meggitt share of super-midsize to long-range business jet wheels & brakes market

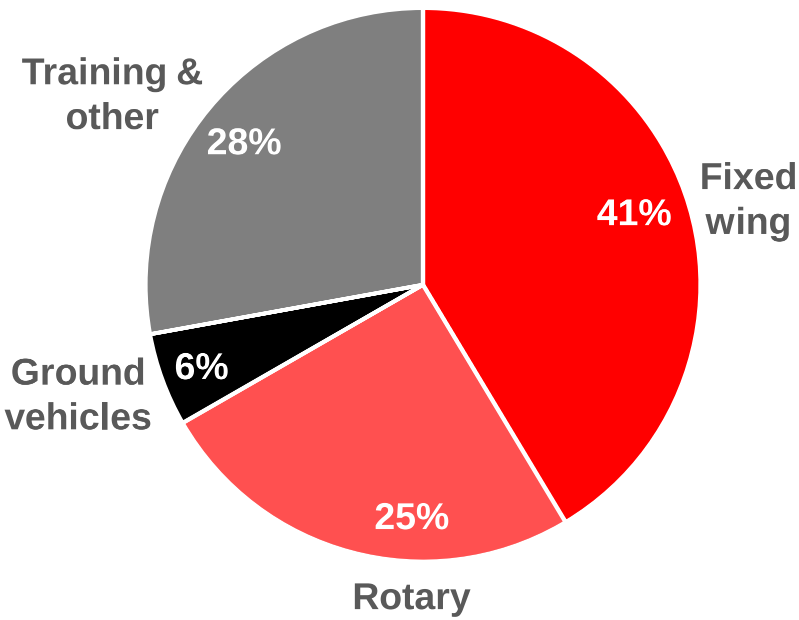


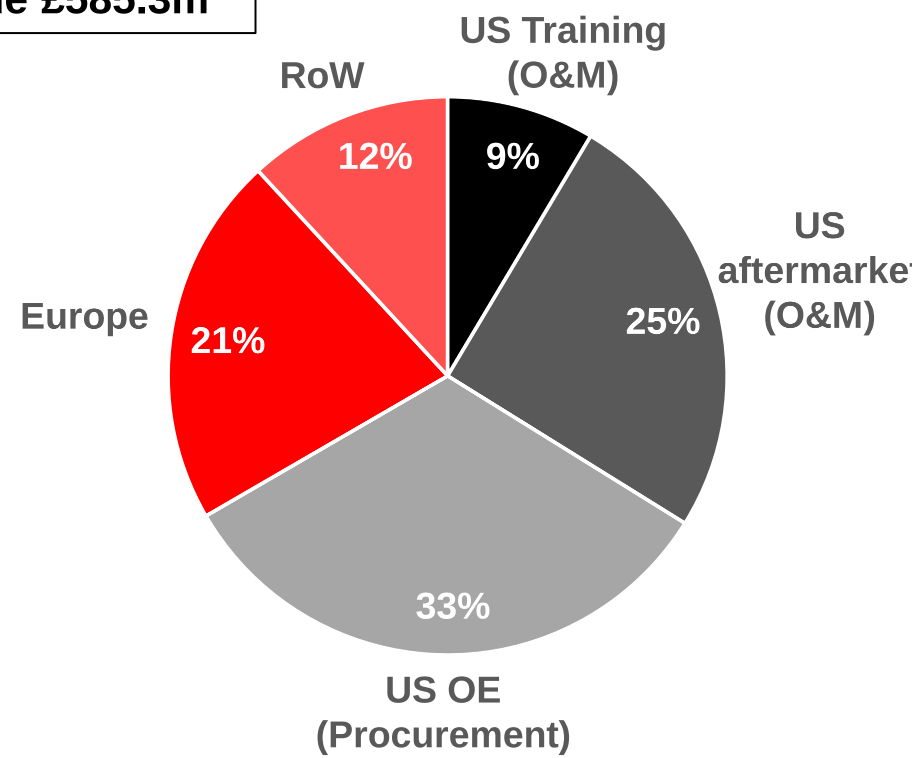
Source: Meggitt estimates

*Meggitt estimate

Military revenue
40% of total revenue

2011 revenue £585.3m





OE: 61%, aftermarket: 39%

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Military – continues to perform
5% organic growth in 2011

2011 summary:

- Total revenue growth of 15% (organic growth of 5%) driven by:
  - Good year for training businesses
  - Solid growth in OE
  - 14% increase in international revenues
- OE revenue growth platforms in 2011:
  - Black Hawk, JSF, Apache, F/A-18, F-16
- AM revenue growth platforms in 2011:
  - Black Hawk, Apache, KC-135, V-22 Osprey

Programme wins in 2011:

- Upgrade and retrofit programmes, including B1 Bomber wheels and brakes upgrade
- Embraer KC390 fire protection – a full ATA chapter 26 system
- P8 Poseidon MMA content through MCS and MEG
- Selected supplier on $475m ATSII contract
- Content on Scout vehicle for the UK MoD worth up to $300m over the life of the programme

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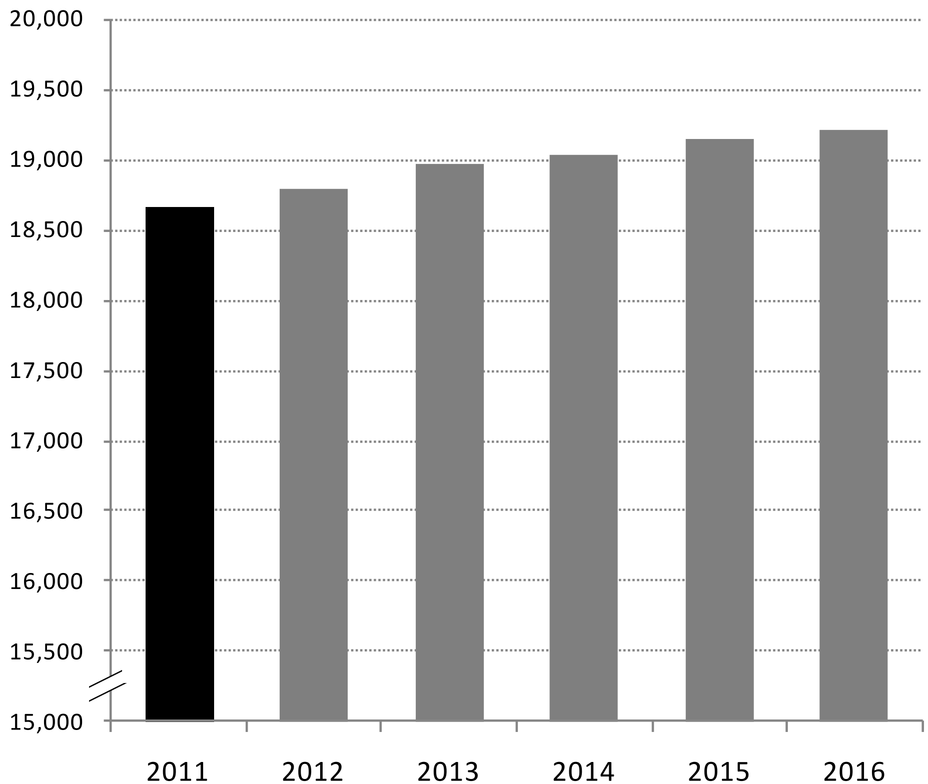
Military
Continuing growth

Active fleet = aftermarket proxy



Source: Meggitt estimates

- » Solid OE programmes
  - F35, Rafale, Typhoon, KC390, P8-Poseidon
- » Growing fleet
  - Typhoon, Black Hawk, Apache
- » Retrofit opportunities
  - Blastproof fuel tanks, B1-Bomber wheels & brakes, M1A2 cooling systems and ammunition handling
- » Increased outsourcing opportunities
  - Increased shipset values on Black Hawk and Apache

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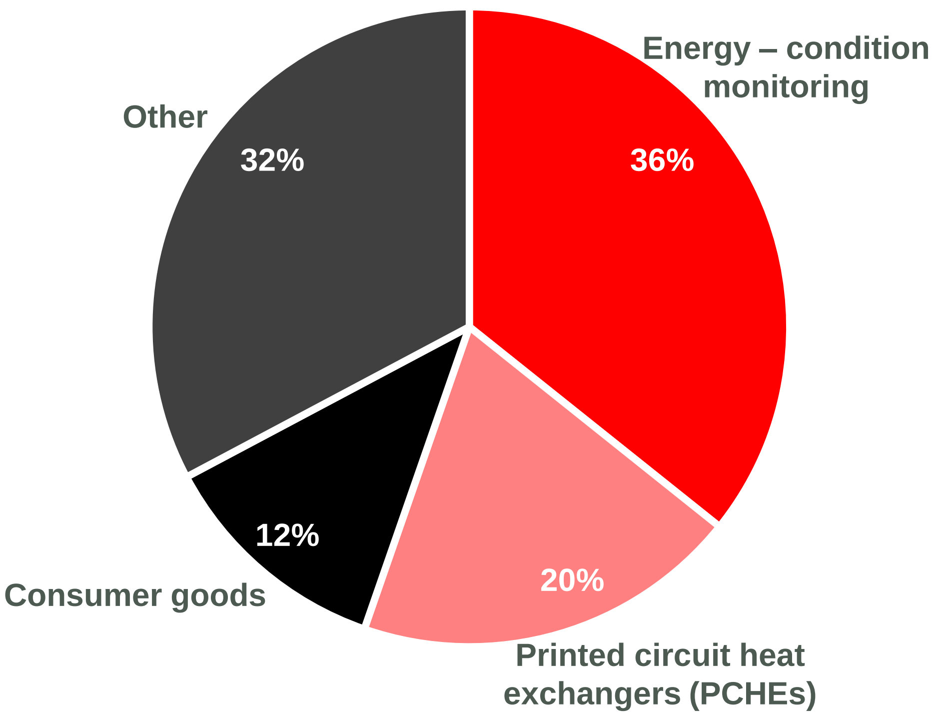
Energy & other markets
14% of total revenue



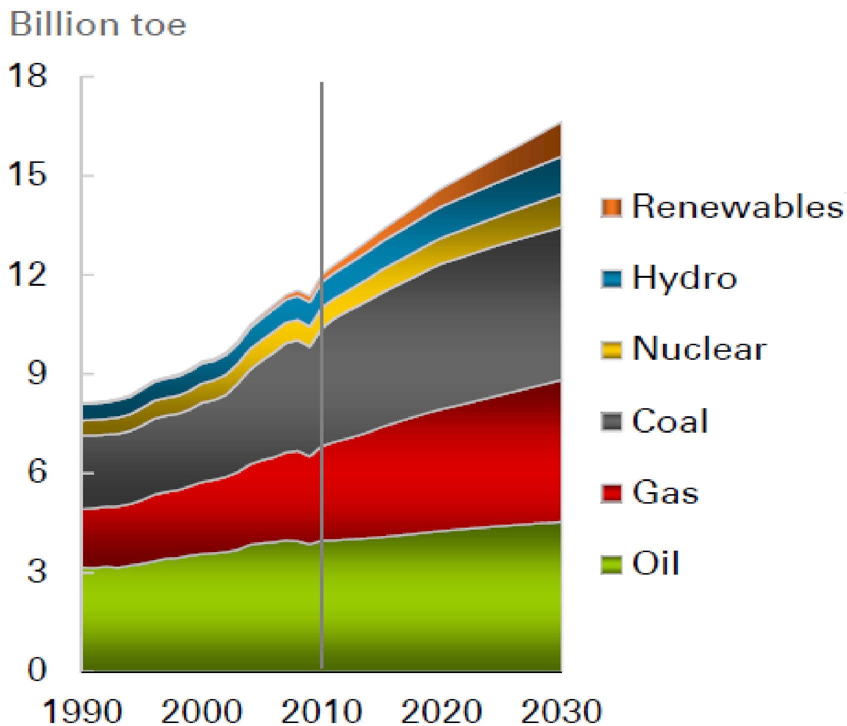
2011 revenue £204.4m

Energy/other highlights:

- Organic growth of 17%, with Energy growing at 28% and other markets at 5%
- Significant order intake (>£70m) in PCHEs, with planned increase in capacity
- New sales and support offices opened to better meet customer requirements
  - China
  - India
  - Brazil
- Significant condition monitoring contracts in India and Venezuela

Energy markets
Key growth drivers

Global energy consumption

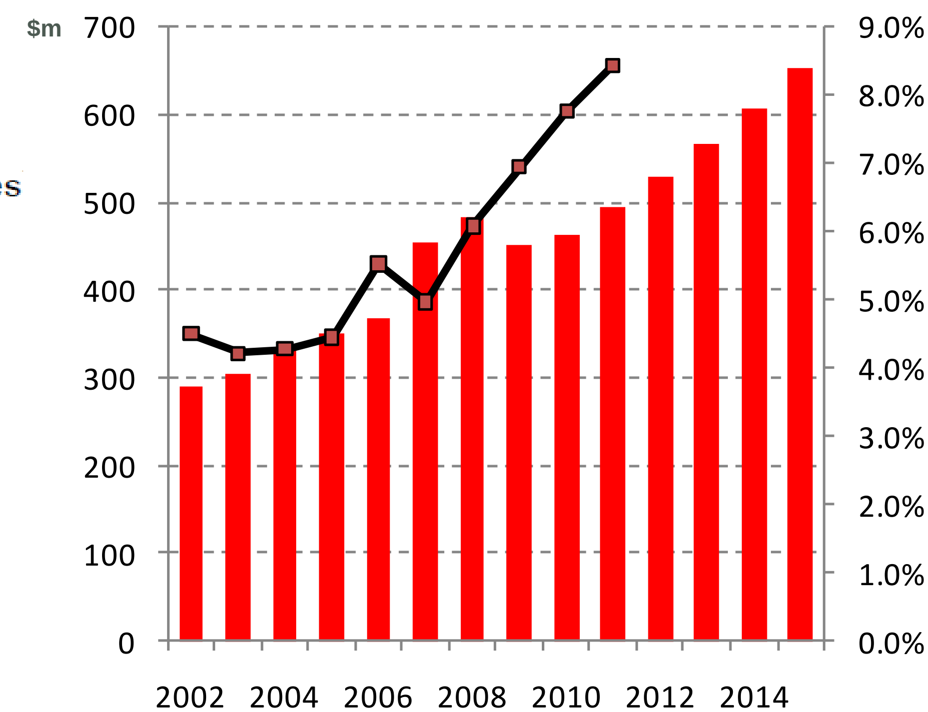


Source: BP energy outlook 2030, January 2012

» Strong underlying market growth

Global energy condition monitoring demand

Meggitt market share



Source: Frost & Sullivan/Meggitt estimates

» Growing market, growing share

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PacSci acquisition
Integration update

- PacSci trading in line with expectations
- Integration well under way
  - Head office functions discontinued
  - Sales & marketing team integrated into Meggitt
  - Fire detection (Meggitt) and fire suppression (PacSci) now under a single management team
  - PacSci businesses now using Meggitt's engineering resource centre in India
  - Economies of scale driving improved sourcing
- Cost synergy target run-rate by end 2014 increased by 25% to $22.5m
  - Decision to co-locate fire detection and suppression
- Early revenue synergies

Benefits from transformation
Driving continuous improvement

- Capability led divisions driving enhanced commercial performance
  - TPMS successes
  - Increased packaged solutions offerings
  - Strengthened customer relationships
- Increased low cost manufacturing flexibility
- Future operational improvements
  - Further focus on optimisation of manufacturing footprint
  - Greater standardisation of manufacturing processes and procedures

2011 summary

- Very strong organic revenue growth
- Underlying PBT up 26%; underlying EPS up 15%
- Very good free cash flow
- Strong balance sheet – net debt to EBITDA 1.7x
- Excellent progress on PacSci integration
- Increased investment is driving greater programme success
- Full year dividend up 14%

Outlook

- Civil aerospace recovery to continue
- Energy – very strong demand continuing
- Military will continue to perform
- PacSci synergies raised by 25%
- Group average 6-7% revenue CAGR reaffirmed

Appendices

1. Strong organic growth
2. Currency PBT impact
3. Operating exceptionals
4. Cash vs profit for investment activity
5. Shares in issue
6. Credit maturity profile
7. Pension information
8. PacSci performance
9. Group strategy
10. Air traffic history and forecast
11. Impact of shock events on traffic growth

Strong organic growth
Stripping out the effects of currency and M&A

£m	Revenue 2011	Revenue 2010	Revenue change	Underlying operating profit 2011	Underlying operating profit 2010	Underlying operating profit change	Underlying profit before tax 2011	Underlying profit before tax 2010	Underlying profit before tax change
Reported	**1,455.3**	1,162.0	*25%*	**359.5**	303.7	*18%*	**323.0**	256.1	*26%*
PacSci	**(189.6)**	-		**(38.2)**	-		**(36.6)**	-	
Meggitt excl PacSci	**1,265.7**	1,162.0	*9%*	**321.3**	303.7	*6%*	**286.4**	256.1	*12%*
Convert to 2010 FX	**36.6**	-		**8.1**	-		**6.8**	-	
Organic growth	**1,302.3**	1,162.0	*12%*	**329.4**	303.7	*8%*	**293.2**	256.1	*14%*

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Currency PBT Impact

	2010 Act	2011 Act	H1 2012 Est	H2 2012 Est	FY 2012 Est
$/£ rate					
Translation rate (unhedged)	1.54	1.60	1.60	1.60	1.60
Transaction rate (hedged)	1.65	1.65	1.66	1.66	1.66
CHF rate					
£ Translation rate (unhedged)	1.60	1.40	1.45	1.45	1.45
$ Transaction rate (hedged)	1.13	1.06	0.89	0.89	0.89
PBT impact £m					
Year-on-year translation		(3.9)	0.9	(2.0)	(1.1)
Year-on-year transaction		(2.9)	(7.0)	(3.5)	(10.5)
Year-on-year currency benefit/(headwind)		(6.8)	(6.1)	(5.5)	(11.6)

2012 currency sensitivity: +/- 5 cents = +/- £9m PBT

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Operating exceptionals

£m	2010 Act $1.54	2011 Act $1.60	2012 Est $1.60
Income statement charge			
Transformation	13.2	4.4	0.6
K&F integration	1.2	-	-
PacSci integration	-	5.9	5.2
PacSci acquisition	1.3	6.0	-
Site consolidation	-	4.0	8.2
Total	15.7	20.3	14.0
Cash out			
Transformation	13.7	3.9	0.6
K&F integration	1.1	-	-
PacSci integration	-	4.4	6.0
PacSci acquisition	0.7	6.6	-
Site consolidation	-	2.2	8.2
Total	15.5	17.1	14.8

Cash vs profit for investment activity

£m	FY 2011 at $1.60	FY 2012 est at $1.60	FY 2013 est at $1.60
1.R&D			
Total expenditure	110.5	130.5	138.1
Less: customer funded	(27.3)	(29.2)	(28.6)
Company spend	83.2	101.3	109.5
Capitalised	(41.5)	(49.3)	(55.8)
Amortised	11.3	12.2	17.5
Income statement	53.0	64.2	71.2
2.Programme participation costs			
Capitalised	33.2	38.8	40.0
Amortised	20.8	23.2	25.8
3.Fixed assets			
Capitalised	58.4	75.0	77.1
Depreciation/amortisation	36.9	45.5	51.4
4.Retirement benefit deficit reduction payments	26.2	29.0	40.0*

*The significant driver will be the 2012 UK actuarial valuation that will impact 2013. This is a provisional estimate.

Shares in issue

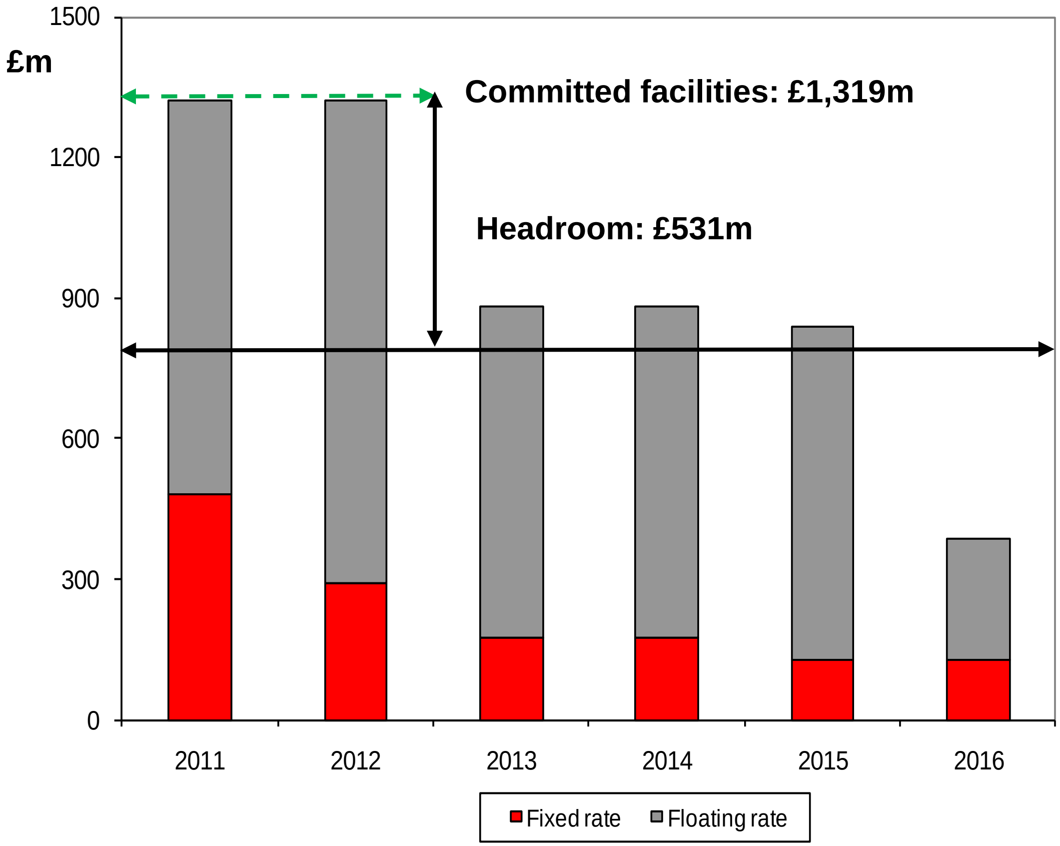
Shares in milions

	2010	2011	2012 Est
Opening	685.3	698.0	778.8
Scrip/other*	12.7	11.0	3.5
Placing**		69.8	
Closing	698.0	778.8	782.3
Average	691.5	769.7	780.6

* Assumes no further take up of scrip in 2012 and options exercised as per 2011.

** Effective date 21 Jan 2011.

Credit maturity profile



Covenant tests:

	Covenant	Actual
Net Debt/EBITDA	≤ 3.5x	1.7x
Interest cover	≥ 3.0x	12.4x

Pension information

£m

	2010	**2011**
Opening deficit	(280.5)	(265.1)
Net deficit payments	23.1	26.2
Actuarial gains/(losses) - assets	21.7	(25.2)
Actuarial gains/(losses) - liabilities	(23.2)	(51.4)
	(1.5)	(76.6)
Other movements	(6.2)	(4.4)
Closing deficit	(265.1)	(319.9)
UK discount rate	5.40%	4.70%
US discount rate	5.25%	4.65%

PacSci performance

Revenue

£m	2010	2011
Full-year proforma	245.3	258.6 *
Growth		*5.4%*
Convert to 2010 FX		10.6
Organic	**245.3**	**269.2**
Growth		**9.8%**

* Pre-acq £69.0m, post-acq £189.6m

Group strategy

Our Mission is to

Deliver sustainable upper quartile returns through focused leadership positions in aerospace, defence & energy markets

Our Vision is to

Be a leading provider of smart engineering for extreme environments

Our Group Strategy is to

Focus on components and sub-systems operating in harsh environments	Invest in products with high technology content and aftermarket value	Deliver growth through organic investment and acquisition

Our Group Objectives are to

Deliver innovation

- Invest in leading edge technologies
- Strengthen our markets and technologies though organic investment and acquisitions

Achieve operational excellence

- Continuously improve our cost, quality and delivery
- Optimise our manufacturing footprint
- Strengthen our functions
- Shared services & best practice

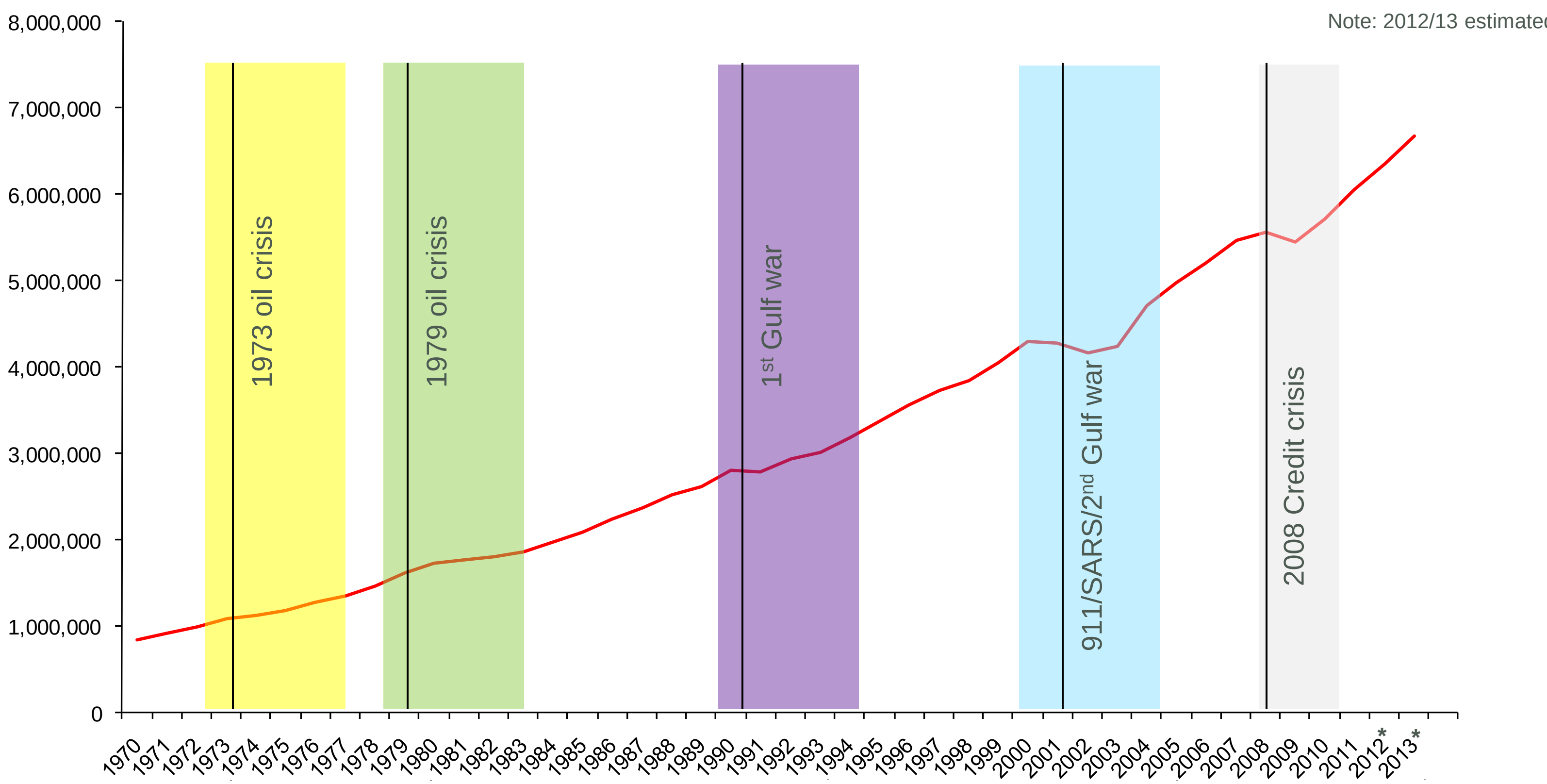
Satisfy our customers

- Strengthen our partnerships with customers
- Be easier to do business with
- Improve our service levels

Maintain a culture of strong & ethical performance

- Deliver against targets
- Leadership development
- Financial rigour
- High standards of compliance

Air traffic history and forecast



TOTAL WORLD ASKs 1970-2013*

Source ICAO – worldwide traffic, international & domestic

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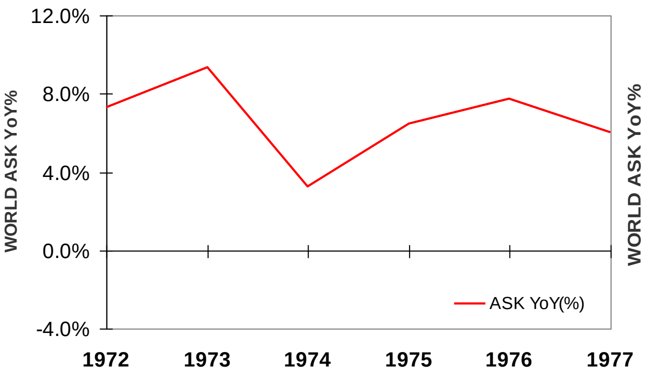
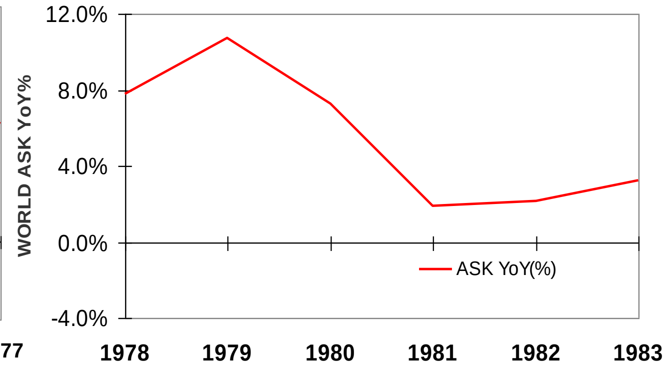
Impact of ‘shock’ events on traffic growth

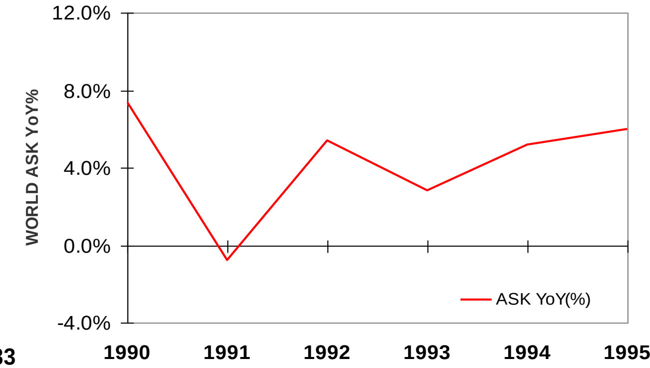
1973 Oil Crisis



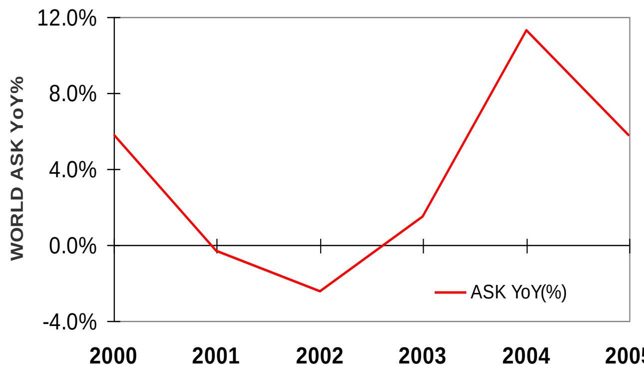
1979 Oil Crisis



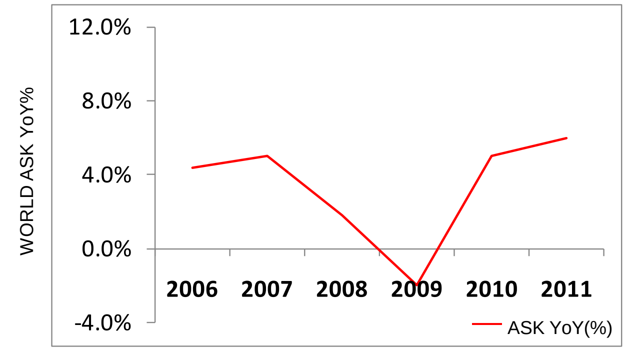
1991 First Gulf War



2001 9/11, SARS and Second Gulf War



2008 Credit crisis



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