MEGGITT PLC

2009 Preliminary results

2 March 2010

An effective response to a challenging year

- Robust performance
  - Significant slowdown in civil markets
    - Destocking continued in H2
  - Helped by military growth and currency
- Excellent progress on cost reduction
  - In-year savings £34m versus £20m target
  - Headcount reduced 14% (constant currency revenues down 13%)
- Underlying operating profit within 3% of 2008
- Record net cash generation £126m
  - Net debt reduced by 23%
- Increased investment in R&D
- Dividend maintained

Poised for upturn

- Proprietary technology and sole source positions
- Balanced portfolio smoothed civil downturn; well positioned for growth
  (45% military markets; 41% civil aerospace; 14% other markets)
- Changing the way we manage the business
  - Streamlined management structure
  - More outsourcing
  - More shared services
- Strong balance sheet
  - Net debt/EBITDA at 2.4x*
  - Bank financing through to March 2012

* Covenant basis

Income statement

£m		Statutory 2009	Adj*	Underlying 2009	Underlying 2008		Adj*	Statutory 2008
Revenue		1,150.5	-	1,150.5	1,162.6	*-1%*	-	1,162.6
EBITDA		359.2	(15.8)	343.4	343.4	*+0%*	62.2	281.2
Operating profit		232.8	53.4	286.2	296.4	*-3%*	124.0	172.4
Finance costs:	Pension	(12.2)	-	(12.2)	(4.7)		-	(4.7)
	Interest	(39.8)	-	(39.8)	(48.4)		-	(48.4)
Profit before tax		180.8	53.4	234.2	243.3	*-4%*	124.0	119.3
Tax		(42.0)	(21.2)	(63.2)	(68.1)		(47.9)	(20.2)
Tax rate				*27.0%*	*28.0%*			
Profit after tax		138.8	32.2	171.0	175.2		76.1	99.1
EPS		20.5p	4.8p	25.3p	26.5p	*-5%*	11.5p	15.0p
Dividend		8.45p		8.45p	8.45p	*+0%*		8.45p

* A full explanation of adjustments is given in Notes 3 and 8 of today's preliminary announcement.

Impact of FX movements

£m	Revenue 2009	Revenue 2008	Revenue *change*	Underlying operating profit 2009	Underlying operating profit 2008	Underlying operating profit *change*	Underlying profit before tax 2009	Underlying profit before tax 2008	Underlying profit before tax *change*
Reported	1,150.5	1,162.6	*-1%*	286.2	296.4	*-3%*	234.2	243.3	*-4%*
Convert to 2008 FX	(133.8)			(32.4)			(25.8)		
Constant 2008 currency	1,016.7	1,162.6	*-13%*	253.8	296.4	*-14%*	208.4	243.3	*-14%*

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Cash flow

£m	2009	2008	% change
Underlying EBITDA	**343.4**	**343.4**	**+0%**
Working capital movement	20.1	(25.5)	
Capex	(24.9)	(40.5)	
Capitalised R&D and PPCs	(59.0)	(59.4)	
Underlying "operating" cash flow	**279.6**	**218.0**	**+28%**
Pension deficit payments	(21.8)	(22.5)	
Operating exceptionals	(21.9)	(16.5)	
Interest and tax	(80.9)	(76.5)	
"Free" cash flow	**155.0**	**102.5**	**+51%**
Dividends and issue of share capital	(28.3)	(38.2)	
Net M&A activities	(0.7)	10.7	
Net cash flow	**126.0**	**75.0**	**+68%**

Note: Estimates for 2010 pension deficit payments, capex, R&D, PPCs given in Appendices

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Financing and covenants

- Net debt reduced by £239m to £809m
  - Net cash flow of £126m in 2009
  - Majority of debt is US dollar denominated
- Group is well financed
  - Facilities headroom of £380m at December 2009
  - No new financing is required before 2012
- Ample covenant headroom
  - Net debt/EBITDA 2.4x (covenant basis) versus ≤ 3.5x requirement
  - Interest cover 8.0x versus ≥ 3.0x requirement
- Pension/healthcare deficit up from £241m to £281m
  - More conservative mortality assumptions
  - Lower discount rates and higher inflation more than offset investment gains

Note: Covenant sensitivity matrix in Appendices

Segmental analysis

£m

Revenue 2009	Revenue 2008	change		Underlying Operating Profit 2009	Underlying Operating Profit 2008	change	Return on Sales % 2009	Return on Sales % 2008
745.3	763.7	-2%	Aerospace Equipment	220.8	230.6	-4%	29.6%	30.2%
		-13%	Constant FX*			-16%		
258.1	267.8	-4%	Sensing Systems	45.0	46.7	-4%	17.4%	17.4%
		-16%	Constant FX*			-11%		
147.1	131.1	+12%	Defence Systems	20.4	19.1	+7%	13.9%	14.6%
		-1%	Constant FX*			-2%		
1,150.5	1,162.6	-1%	Total	286.2	296.4	-3%	24.9%	25.5%
		-13%	Constant FX*			-14%		

*Using constant 2008 exchange rates

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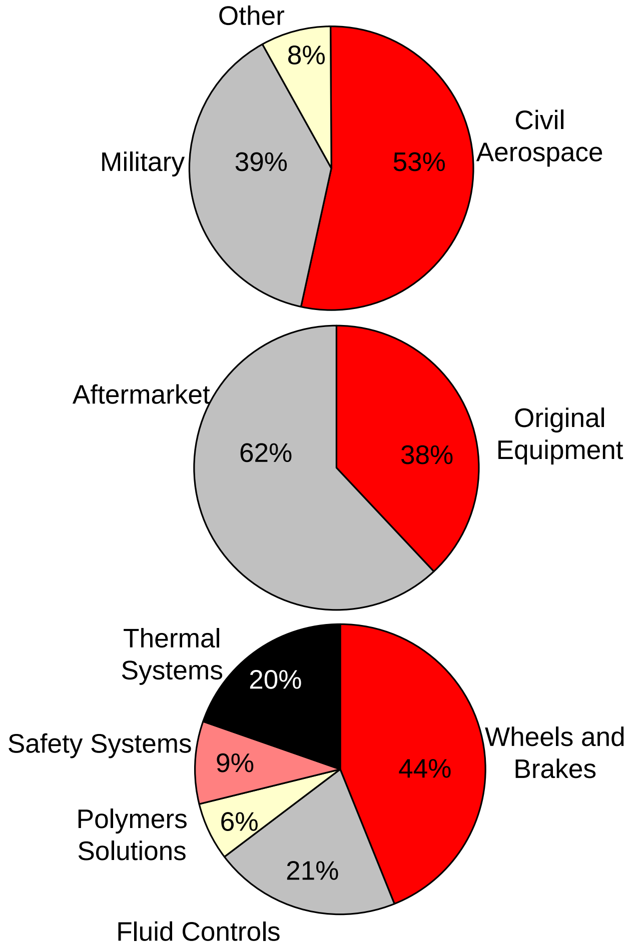
Aerospace Equipment

- Multiple programme wins included:
  - Ebrake® selected for CSeries
  - Eurofighter (Tranche 3)
  - EFC order intake up 60% vs 2006
- R&D investments bearing fruit
  - Lightweight seals accredited by Airbus
  - Motor control technology
  - High strength alloys for compact heat exchangers
- Continued focus on operational improvement
  - K&F integration largely complete
  - 2nd Mexico factory operational

2009 Revenue Breakdown



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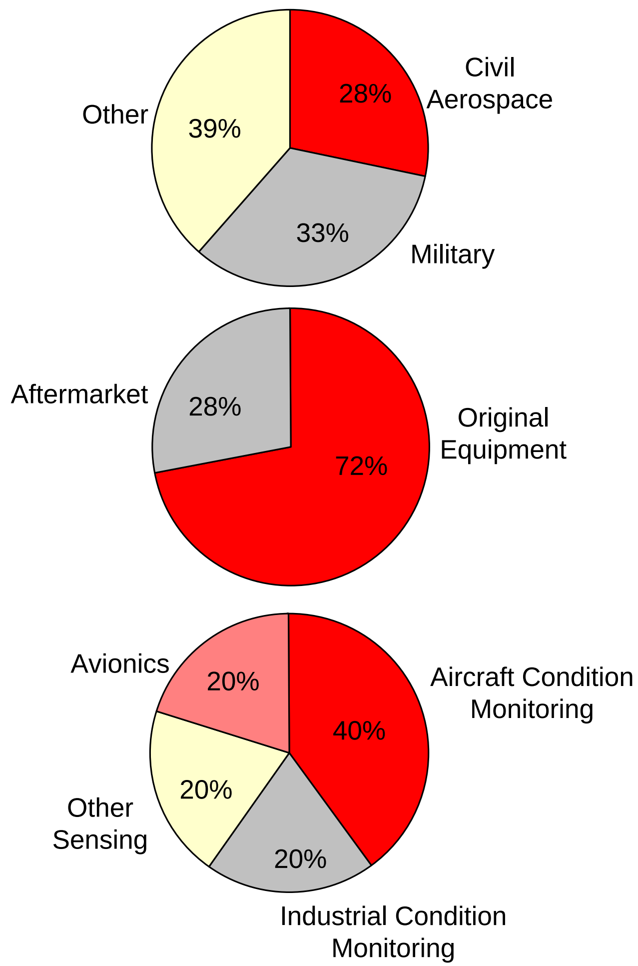
Sensing Systems

- Multiple programme wins included:
  - A350 EMU and inertial system solutions
  - PurePower™ sensor package
  - iSFD
  - Multiple energy contracts, including successes in India
  - 737 AAVM Delta contract
- Investing in leading-edge technologies
  - BR725 sensor & ignition package qualified
  - Next generation condition monitoring for energy market
  - Extending condition monitoring to wheels and brakes

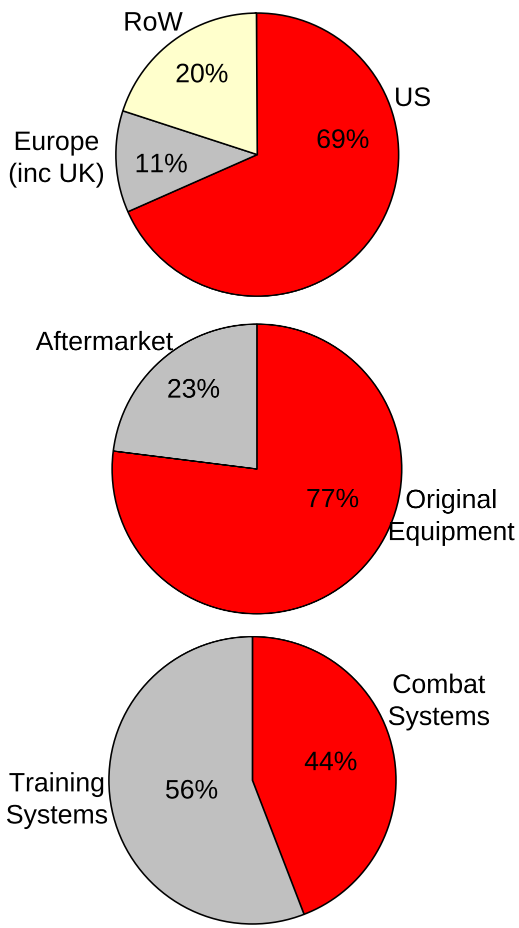
2009 Revenue Breakdown



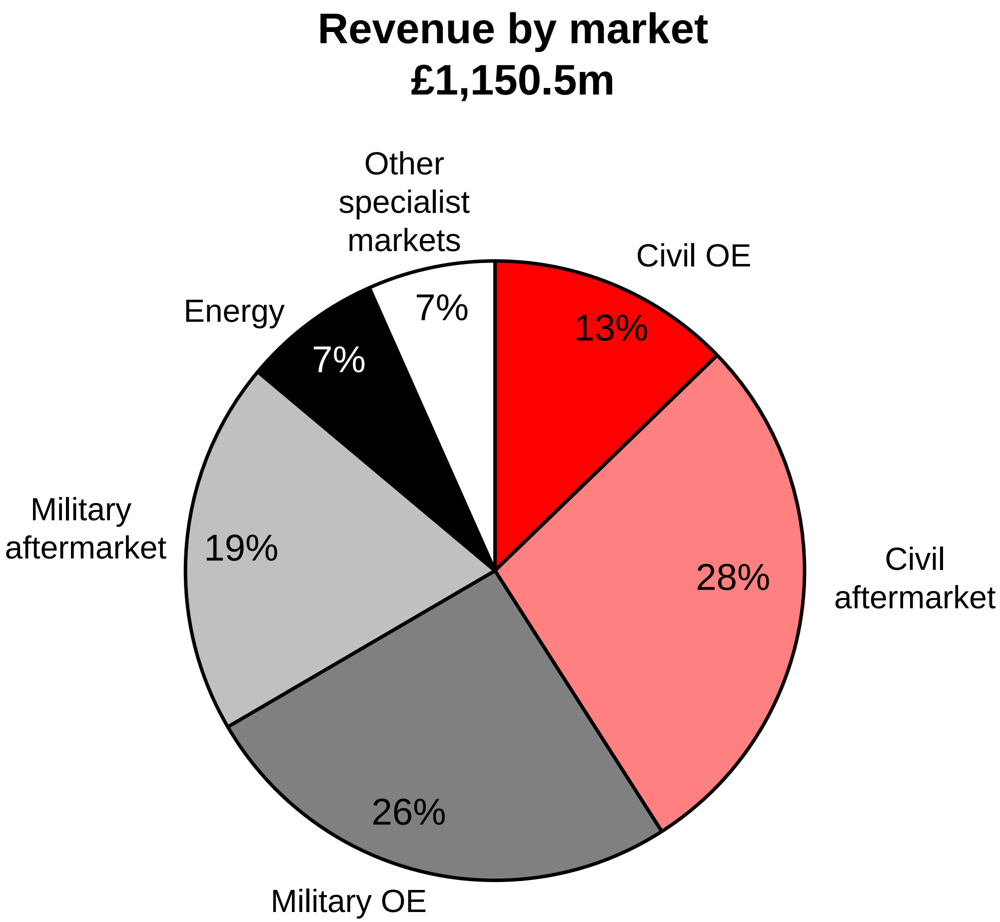
Defence Systems

- Combat systems wins included:
  - Cobra AH-IW/Z ammunition handling
  - P-8 Poseidon cooling system
  - F/A-18 IRST thermal management
- Training Systems
  - Budget uncertainties slowed growth
  - Singapore Coastguard training centre completed
  - Individual marksmanship trainer upgrade contract won
  - Reconfigurable vehicle simulator developments
  - New law enforcement product launched

2009 Revenue Breakdown



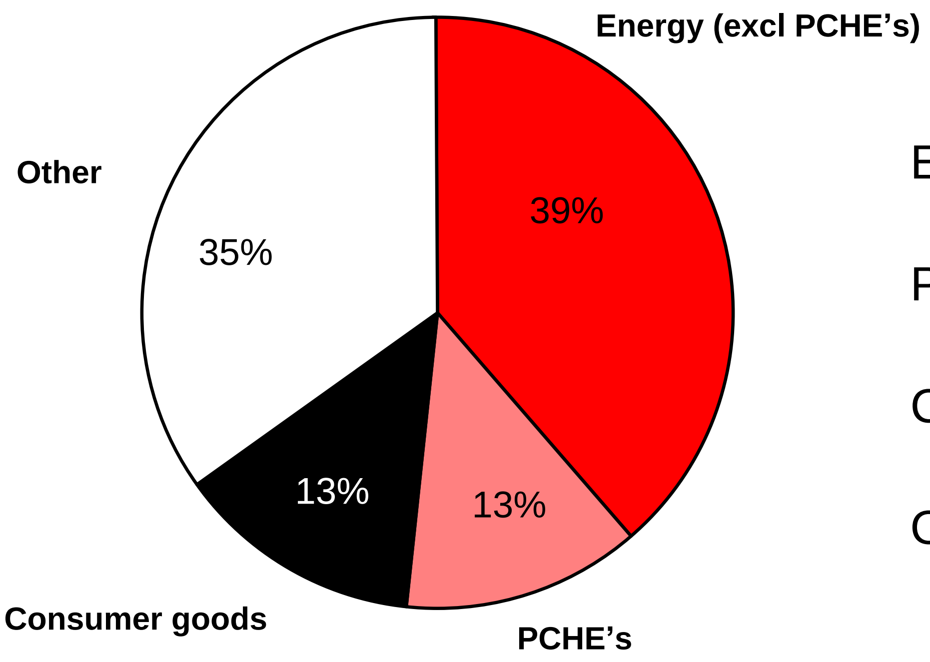
Group 2009 revenue



Other markets 2009 – 14% of Group revenues

Other revenue by market

£160.1m



Trend

	2009	2010
Energy (excl PCHEs)	↑	↑
PCHEs	↓	↓
Consumer goods	↓	↔
Other	↓	↔

PCHE – printed circuit heat exchanger

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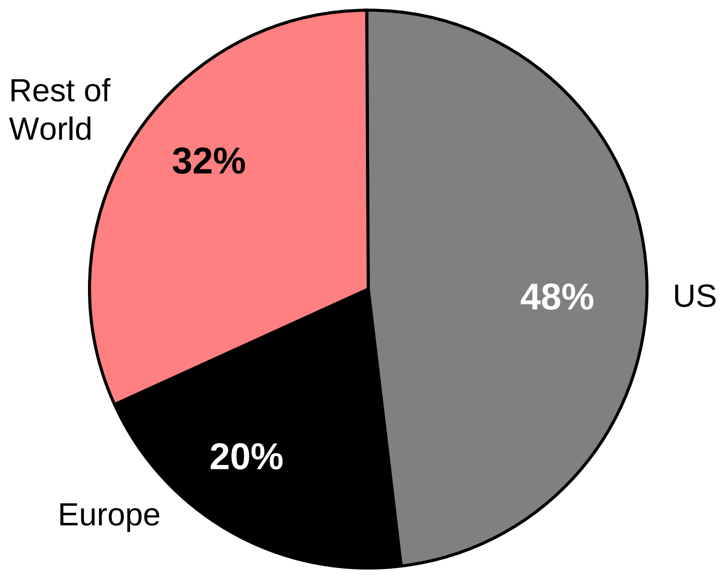
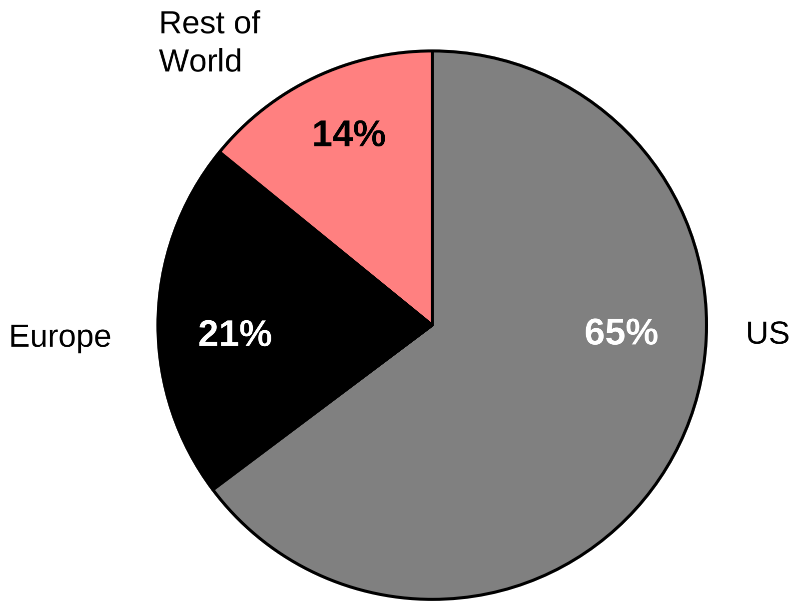
Military 2009 – 45% of Group revenues

Global Military Revenues by Destination



Meggitt Military Revenues by Destination £520.1m



Sources: Congressional Budget Office, DoD, International Institute for Military Studies,

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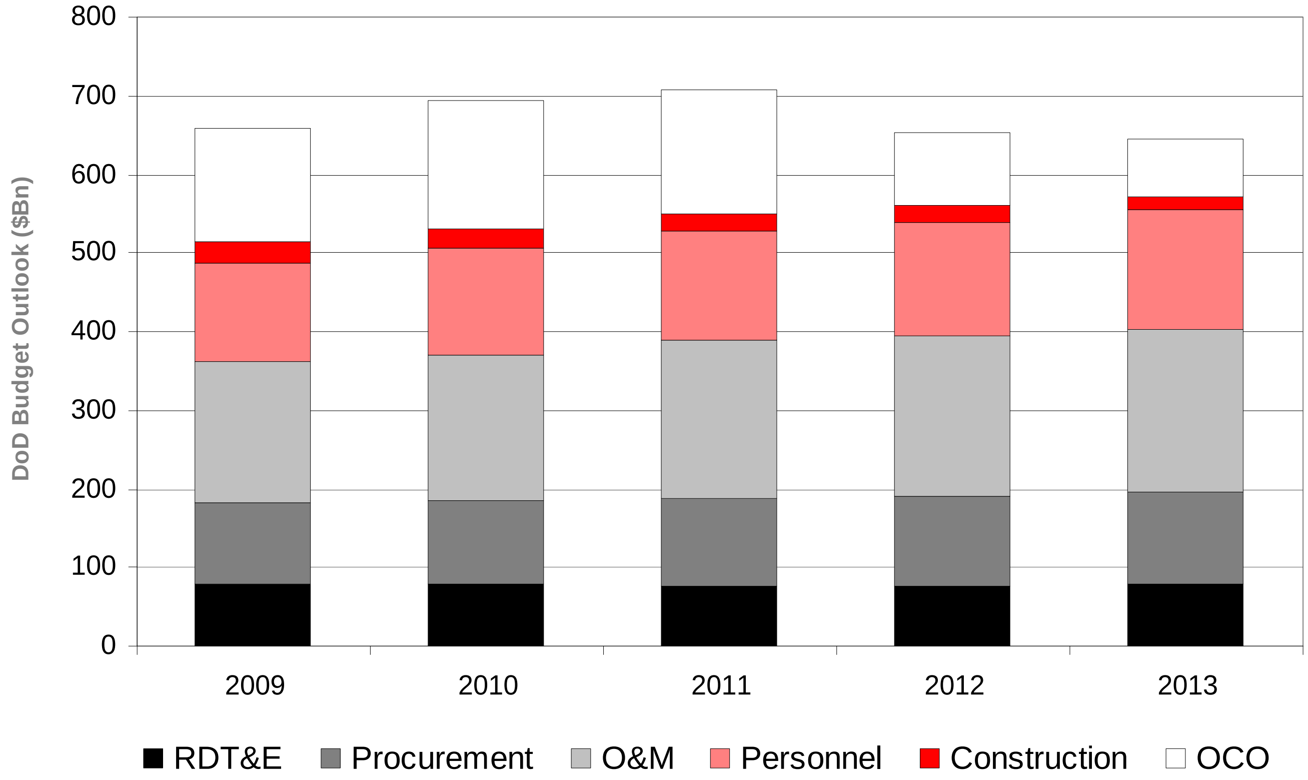
FY11 DoD Budget

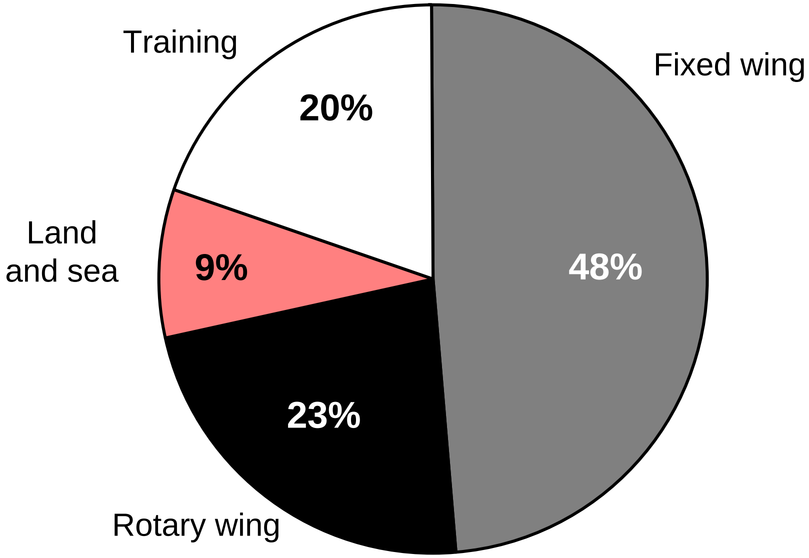


HIGHLIGHTS

- 3.4% growth in FY11 base budget to $549bn
- $159bn OCO request (supplemental) for FY11
- Additional $33bn supplemental for FY10

A well balanced portfolio

Military Revenues by Market
£520.1m



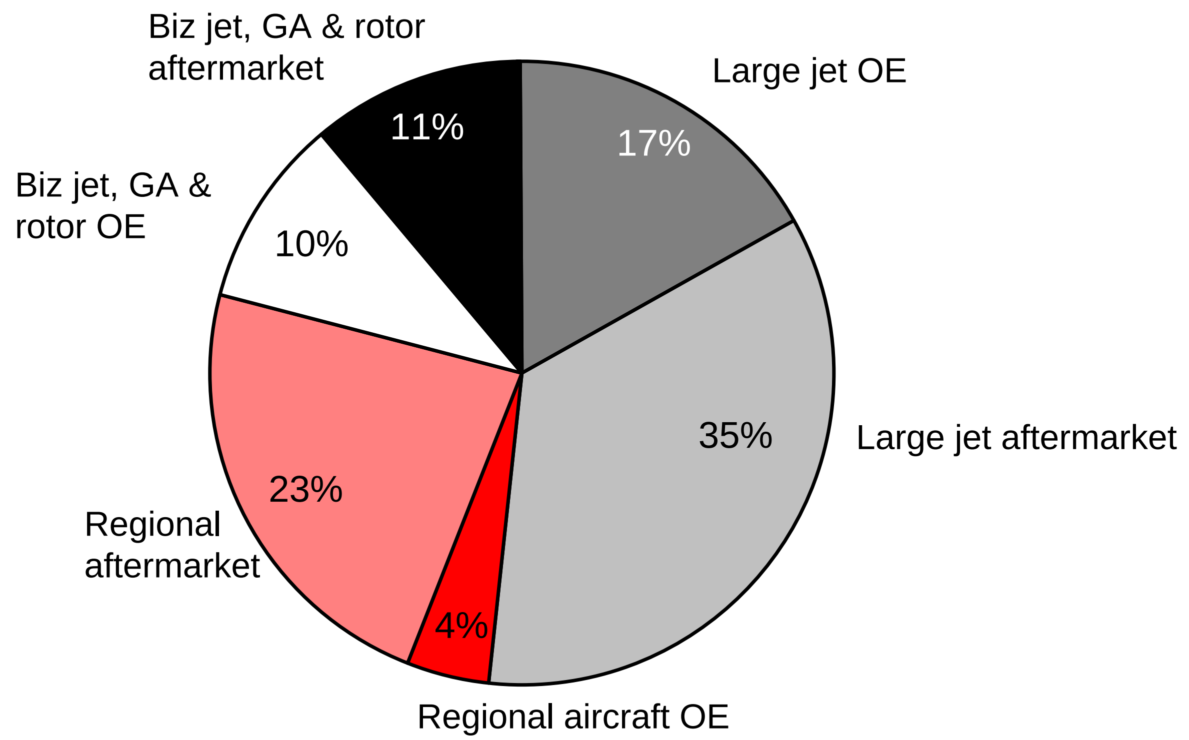
OE 57% / Aftermarket 43%

- US DoD budget is expected to grow for the next few years
- Excellent content on key fighter and rotary wing platforms
- Continued investment on new platforms and retrofit opportunities
- Well positioned to capture training and re-set funding

Civil aerospace - 41% of total revenues

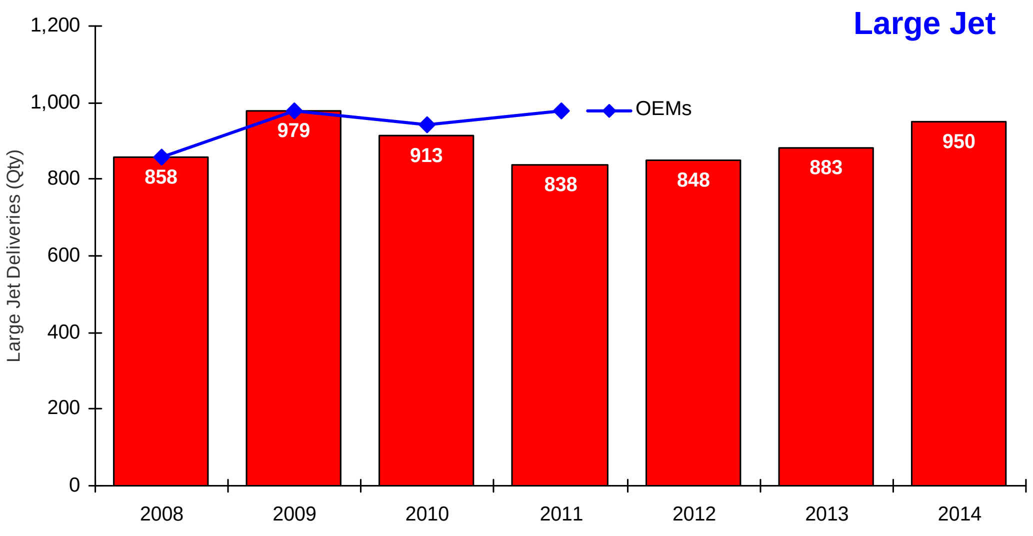
Civil revenues by market

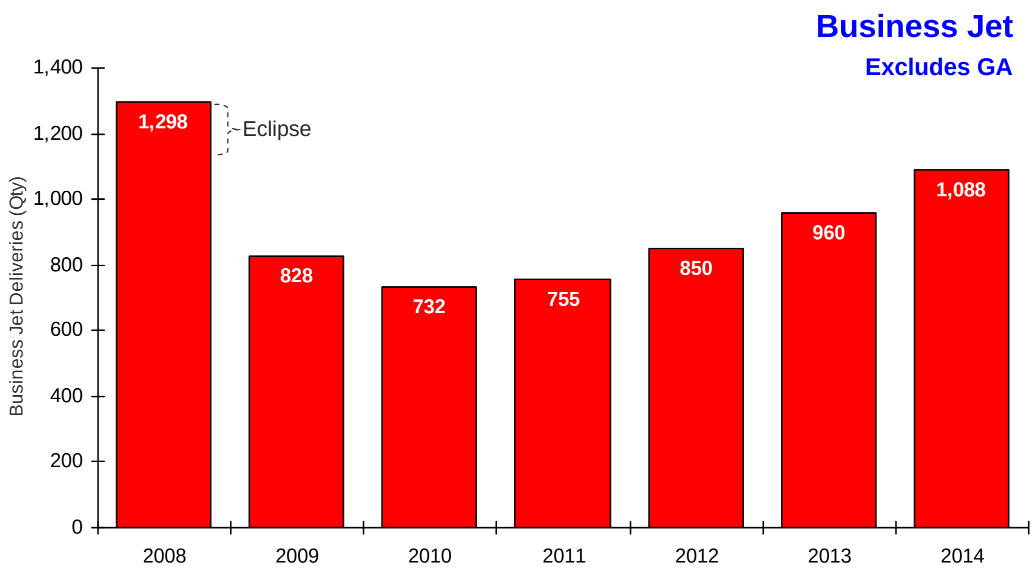
£470.3m

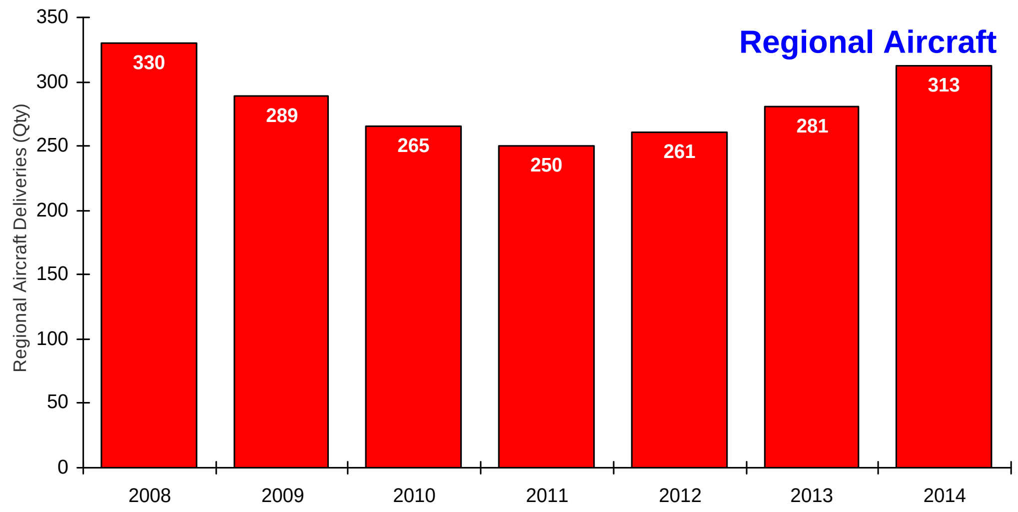


Aircraft OE deliveries

Meggitt view of consensus forecasts







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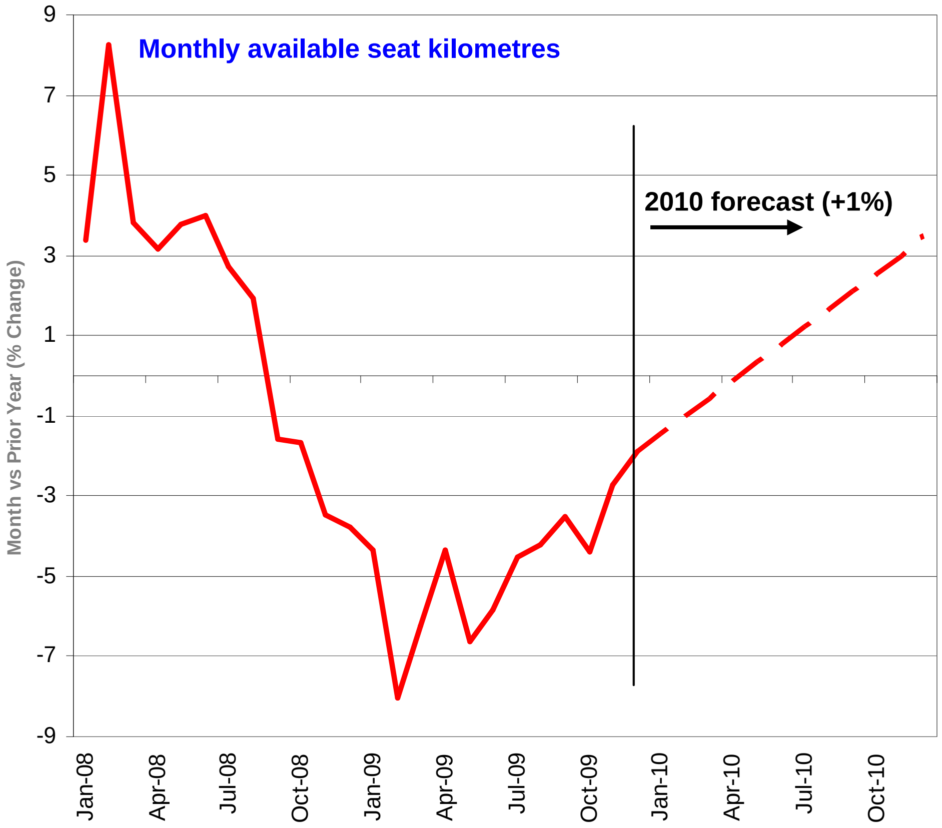
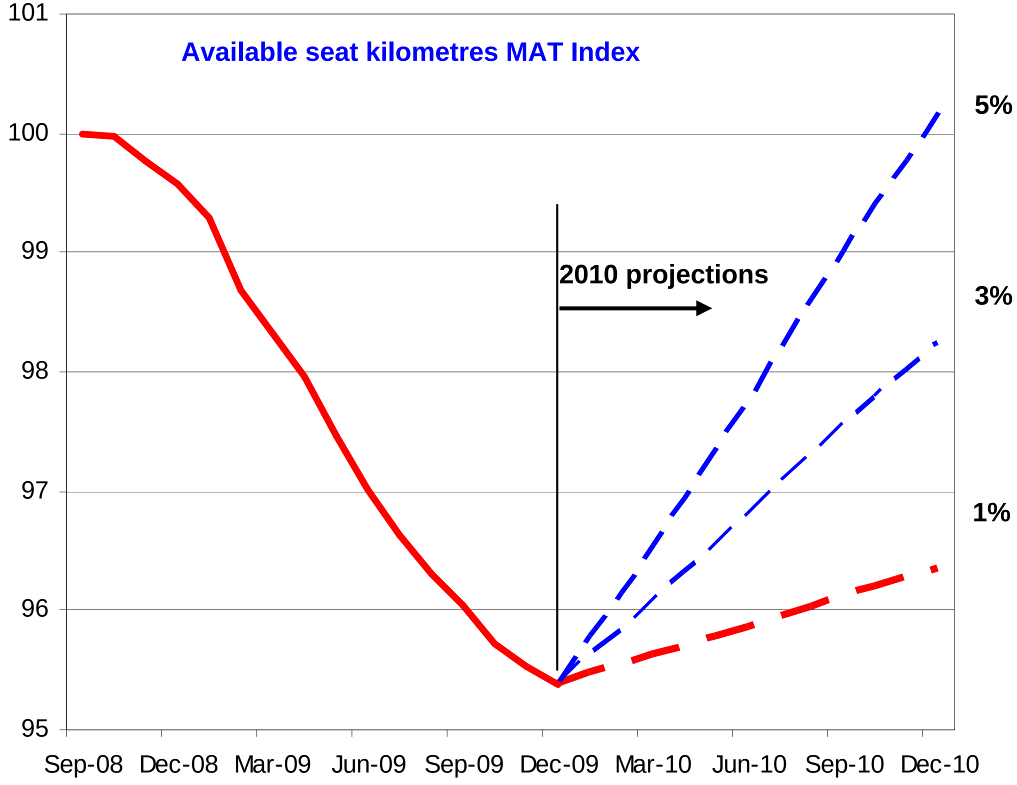
Civil aftermarket – large jets and regionals

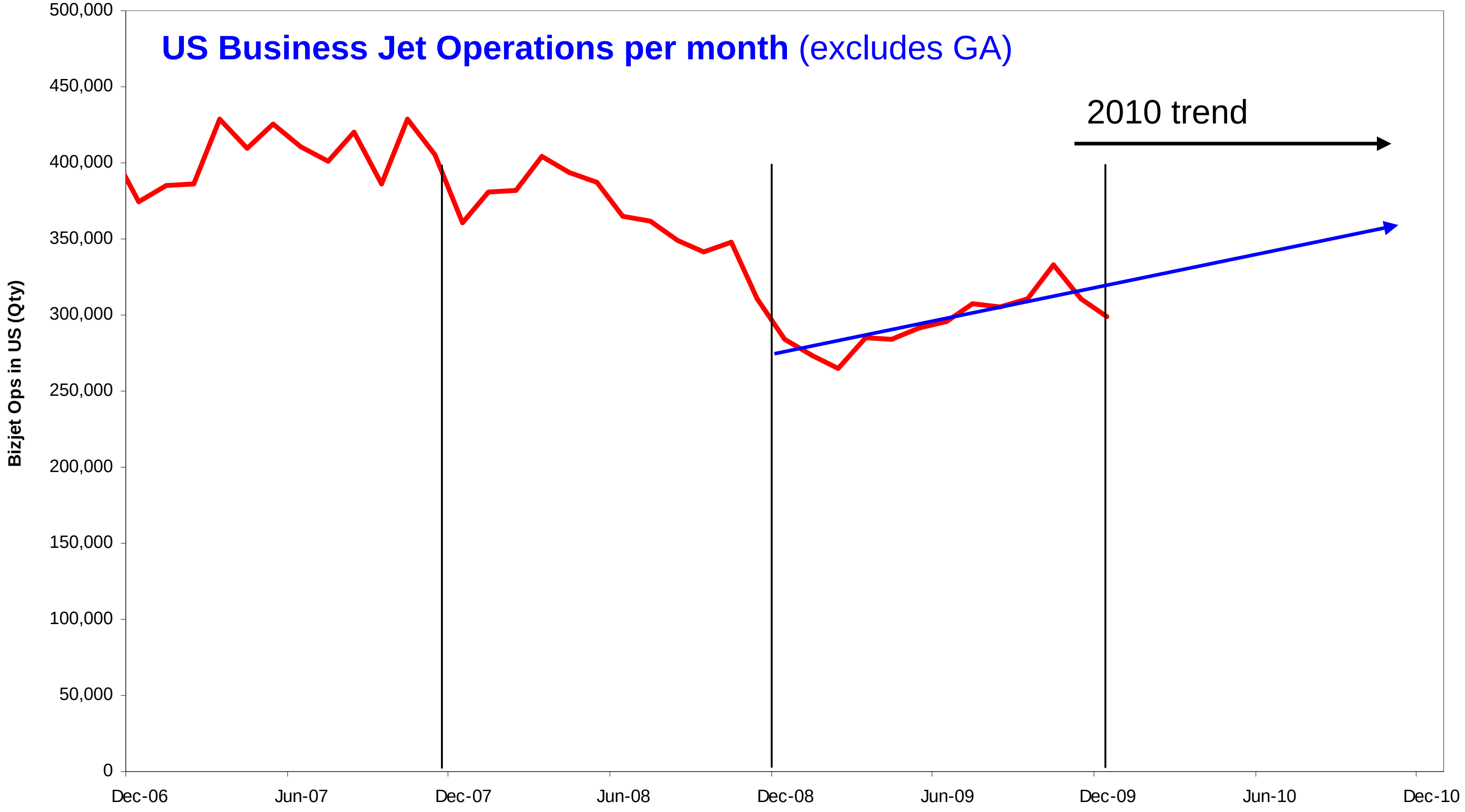




September 2008 rebased to 100

Source: Meggitt Management

Civil aftermarket – business jets



*Projections excludes seasonal variations

Decisive response to civil downturn

- Immediate cost cuts made in response to downturn
  - Headcount reduced by 14% from July 2008 peak
  - 2009 savings of £34m achieved (target £20m)
  - On track to achieve £50m run rate by end 2010
- Continued to drive ongoing productivity improvements
  - In year procurement savings of £15m
  - 2nd factory opened in Mexico
  - Further expansion of China facility
- K&F integration savings of £19.5m (vs target £18m)
  - On track to deliver final £2.5m savings in 2010

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Ongoing transformation activities

- New divisional structure
  - Capability based
  - Resources concentrated at divisions
  - Factories focused on quality, cost & delivery
  - Removed layer of management
- Reshaping organisation to benefit from recovery
  - Outsourcing (routine engineering to India)
  - Shared services for back office functions (Finance, HR, IT)
  - Standardised processes and procedures based on common IT systems
- Result
  - Integrated customer responsive organisation
  - £20m structural savings
  - Easier to integrate future acquisitions

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Organisation – New divisional structure

Aircraft Braking Systems	Control Systems	Polymers & Composites	Sensing Systems	Equipment Group
Wheels, brakes & brake control	Thermal management & ECS Fluid control Electronic control	Seals Fuel bladders Ice protection	Condition monitoring systems High performance sensors	Safety systems Training systems Combat systems Avionics Compact PCHE Position sensors

2009 results:

	Aircraft Braking Systems	Control Systems	Polymers & Composites	Sensing Systems	Equipment Group
Revenues	**£320.2m**	**£180.5m**	**£149.0m**	**£189.1m**	**£311.7m**
UOP	**£116.4m**	**£43.3m**	**£30.1m**	**£32.2m**	**£64.2m**

Current division: MAE – Equipment Sensing Systems Defence Systems

Note: The new divisional operating company structure and 2009 pro forma comparative figures are given in the Appendices

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2009 Summary

- Revenues maintained; military growth and currency offset civil weakness
- Cost reduction plans ahead of target
- EBITDA margin increased
- Cash conversion significantly better than 2008
- R&D investment levels increased
- The financial position of the Group is strong
- The total dividend is unchanged at 8.45 pence
- Transformation of Group accelerated

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Outlook

- Outlook for 2010 remains challenging
- Demand for Meggitt's military products will remain robust
- Civil aerospace markets will remain tough
  - OE delivery outlook better than expected
  - ASK's expected to increase modestly from H2
- Other markets likely mixed
- The Group will continue to transform the business
  - Further incremental savings of £11m in 2010
  - Rising to a total annual run rate of £50m by the end of 2010
  - Organising for the future
- Meggitt is well positioned for the upturn

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Appendices

1. Group strategy
2. New divisional structure – operating companies
3. New divisional structure – 2009 pro forma comparatives
4. Balance sheet
5. Financing
6. Covenant headroom
7. Currency PBT impact
8. Operating exceptionals
9. Cash vs P&L for investment activity

Appendix 1

Group strategy

Deliver sustainable upper quartile returns through focused leadership positions in Aerospace, Defence & Energy markets

Group strategic objectives

Focused investment	Achieve Operational Excellence	Satisfy our customers	Maintain a culture of strong performance
- Components & value-added sub- systems - High technology content - Aftermarket value - Growth by organic investment & acquisition	- Optimising our manufacturing footprint - Improving our cost, quality and delivery performance - Strengthening central functions - Sharing services and best practice	- Strengthen our partnerships with customers - Become easier to do business with - Improve our delivery	- Delivering against targets - Leadership development - Financial rigour - High standards of compliance

Be the leading provider of smart engineering for extreme environments

New divisional structure – operating companies

Aircraft Braking Systems	Control Systems	Polymers & Composites	Sensing Systems	Equipment Group
Aircraft Braking Systems - Akron - Coventry - Nasco	Fluid Controls - Whittaker Controls - Serck Aviation - Dunlop Equipment - Airdynamics Thermal Systems - Simi Valley - Dunstable - Stewart Warner - Keith Products	Polymer Solutions - Loughborough - Oregon Engineered Fabrics Corporation Thermal Systems Coventry	Vibro-Meter SA Vibro-Meter UK Vibro-Meter France - Sensorex Vibro-Meter Inc Endevco Ferroperm Wilcoxon	Training Systems Defense Systems - Irvine - Ashford Safety Systems Avionics Heatric Nacesa

Note: This is not a full list of all manufacturing sites and sales offices

New divisional structure – pro forma* 2009 comparatives

	FY 2009			H1 2009		
£m	Revenue	U/L OP	RoS %	Revenue	U/L OP	RoS %
Aircraft Braking Systems	320.2	116.4	36.4%	168.4	59.9	35.6%
Control Systems	180.5	43.3	24.0%	92.9	20.3	21.9%
Polymers & Composites	149.0	30.1	20.2%	74.7	13.5	18.1%
Sensing Systems	189.1	32.2	17.0%	95.5	15.5	16.2%
Equipment Group	311.7	64.2	20.6%	154.9	31.6	20.4%
Total	1,150.5	286.2	24.9%	586.4	140.8	24.0%

*Pro forma figures are for guidance purposes only and are subject to audit and final review in 2010

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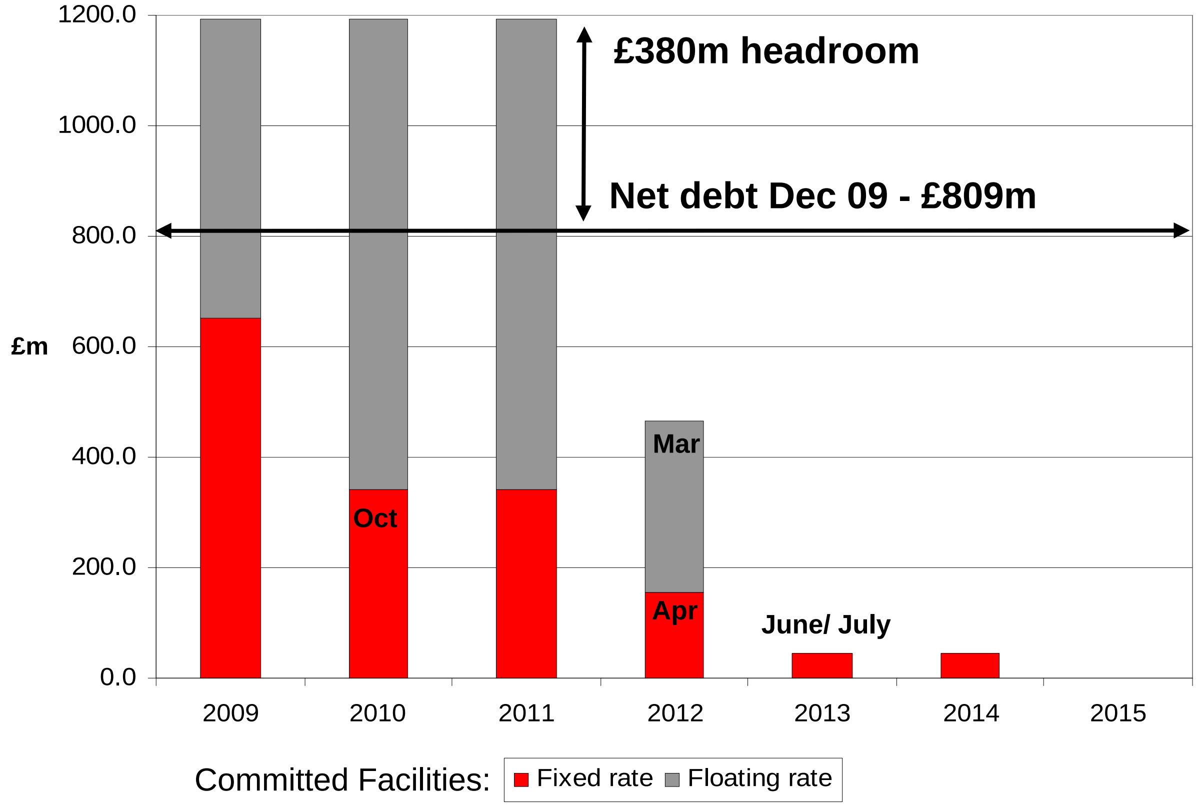
Balance sheet

£m	At 1 Jan	FX	Other	At 31 Dec
Total assets (excluding cash)	3,502.7	(293.7)	(21.6)	3,187.4
Retirement benefit obligations	(241.2)	18.7	(58.0)	(280.5)
Other liabilities	(927.2)	73.4	29.1	(824.7)
Capital employed	2,334.3	(201.6)	(50.5)	2,082.2
Net debt	(1,047.9)	115.5	123.8	(808.6)
Net assets	1,286.4	(86.1)	73.3	1,273.6

Financing

Maturity profile of credit facilities:



Covenant tests:

	Per bank agreements		Memo per accounts
	Covenant	Actual	
Net debt/ EBITDA	**≤ 3.5x**	**2.4x**	2.4x
Interest cover	**≥ 3.0x**	**8.0x**	5.5x

Covenant principles summary:

- Calculations are based on 'frozen' UK GAAP as defined by credit agreements
- Exchange rates used in debt and EBITDA calculations based on trailing 12 month average

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Covenant (Net debt/EBITDA) headroom

Net debt (FX sensitivity)	EBITDA (before exceptionals)	-10%	-20%	-30%	
Avge $1.60	2.1	2.4	2.7	3.2	(-35% EBITDA ≤ 3.5x)
Avge $1.40	2.1	2.4	2.8	3.3	(-33% EBITDA ≤ 3.5x)
Avge $1.20	2.2	2.5	2.9	3.4	(-32% EBITDA ≤ 3.5x)

Ratios calculated in accordance with credit agreements.
Sensitivity scenario assumes that 2009 results in currency are repeated in 2010.
This is for illustrative purposes only and is not a forecast.

Currency PBT impact

$/£ rate	2008 Act	2009 Act	H1 2010 Est	H2 2010 Est	FY 2010 Est
Translation rate (unhedged)	1.83	1.58	1.60	1.60	1.60
Transaction rate (part hedged)	1.84	1.80	1.68	1.68	1.68
CHF rate					
£ Translation rate (unhedged)	1.96	1.69	1.80	1.80	1.80
$ Transaction rate (part hedged)	1.11	1.06	1.10	1.10	1.10
PBT impact £m					
Year-on-year translation		25.7	(5.2)	1.2	(4.0)
Year-on-year transaction		0.1	2.3	3.5	5.8
Year-on-year currency benefit/(headwind)		25.8	(2.9)	4.7	1.8

2010 currency sensitivity: ± 5 cents = ± £5m PBT

Operating exceptionals

£m	**2009** Act	**2010** Est
	$1.58	$1.60
P&L charge		
Transformation	16.9	8.1
K&F	3.7	2.7
Other	0.2	-
Total	20.8	10.8
Cash out		
Transformation	14.6	10.4
K&F	6.4	3.5
Other	0.9	-
Total	21.9	13.9

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Cash vs P&L for investment activity

£m	2008	2009	2010est	2011est
	$1.83	$1.58	$1.60	$1.60
1. R&D				
Total expenditure	78.8	85.2	85.2	75.5
Less: customer funded	(19.4)	(19.2)	(18.4)	(16.5)
Company spend	59.4	66.0	66.8	59.0
Capitalised	(23.7)	(35.1)	(33.6)	(25.0)
Amortised	3.5	6.5	8.3	13.4
P&L	39.2	37.4	41.5	47.4
2. Programme participation costs				
Capitalised	35.7	23.9	29.7	30.8
Amortised	14.1	17.8	18.9	20.3
3. Fixed assets (including software)				
Capex	40.9	25.6	40.1	37.9
Depreciation & amortisation	29.4	32.9	35.2	38.8
4. Net capitalisation*	53.3	27.4	41.0	21.2
5. Pension deficit reduction payments	22.5	21.8	22.6	28.5

* Capitalised R&D, PPCs and fixed assets less depreciation/amortisation

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