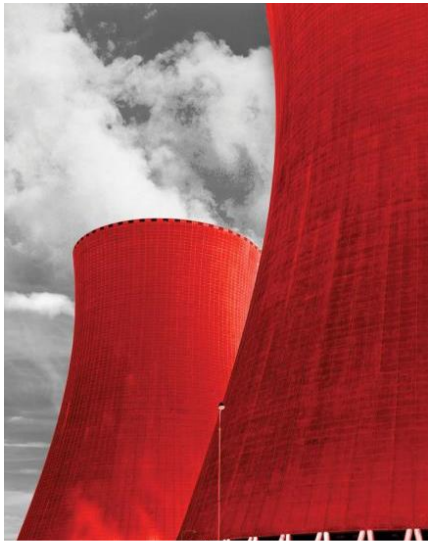

2016 Full year results

28 February 2017

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Introduction

Stephen Young - Chief Executive

Financial highlights
FY in line with guidance; stronger H2 as expected

- Orders +22% (3% organic)
- Revenue +21%
  - FX +12%
  - M&A +8%
  - Organic +1%
- Organic revenue +1%
  - Civil +4%
  - Military +1%
  - Energy -17%
- Underlying EPS up 10% to 34.8p
- Leverage well within target range: net debt at 2.1x EBITDA[1]
- Proposed increase in final dividend of 5% to 10.3p – proposed full-year dividend up 5% to 15.1p

[1] Covenant basis

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Strategic highlights
Positive momentum

- » Significant recent investment has positioned Meggitt for stronger top line growth
  - Shipset values up 20% - 250% on new large civil platforms
  - Younger fleet driving attractive long term aftermarket returns
  - Military driven by increasing budgets / good positions on growth platforms
  - Growing installed base of 67k+ aircraft
- » Reducing investment in new platforms increases future returns
  - R&D reducing as a % of revenue
  - New product introduction (NPI) costs to peak in 2018
- » Strategic initiatives progressing to plan
  - CSS accelerating aftermarket growth ahead of market – 5.4% vs 3.5%[1]
  - MPS demonstrating favourable margin and cash potential
  - Site consolidation continuing – 3 sites closed in 2016
  - Continuing focus on core businesses - sale of Target Systems completed
- » Operational review initiated to further accelerate benefit from strategic initiatives
  - Targeting net 200-250bps of margin improvement by 2021[2]
  - Improving cash conversion from inventory (>£200m), margin, investment cycle

Further detail to be provided at Capital Markets Day – 16 May

[1] Total Group aftermarket growth rate vs Canaccord Genuity 2016 MRO survey
[2] Organic / Based on current GAAP

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Financial Review

Doug Webb – Chief Financial Officer

Income statement

Underlying * (£m)

	2016	2015	*Growth* Reported	Organic**
Orders	**1,990.5**	1,630.5	+22%	+3%
Revenue	**1,992.4**	1,647.2	+21%	+1%
Operating Profit	**379.7**	325.5	+17%	-3%
Finance costs	**(27.6)**	(15.2)	+82%	-1%
Profit before tax	**352.1**	310.3	+13%	-3%
Tax	**(82.7)**	(62.0)		
Tax rate	***23.5%***	*20.0%*		
Profit after tax	**269.4**	248.3	+8%	-8%
EPS	**34.8p**	31.6p	+10%	
Dividend	**15.10p**	14.40p	+5%	

Reported growth benefited from favourable FX and acquisitions

Higher interest charge from full year impact of acquisitions; increase in fixed rates proportion; and FX

Greater proportion of profit in US; no significant one-off items

* A full reconciliation from underlying to statutory figures is given in notes 5 and 11 of today's full-year announcement
** Organic figures exclude the impact of acquisitions and foreign exchange but includes Target Systems which was sold in December 2016 (revenue of £29.8m)

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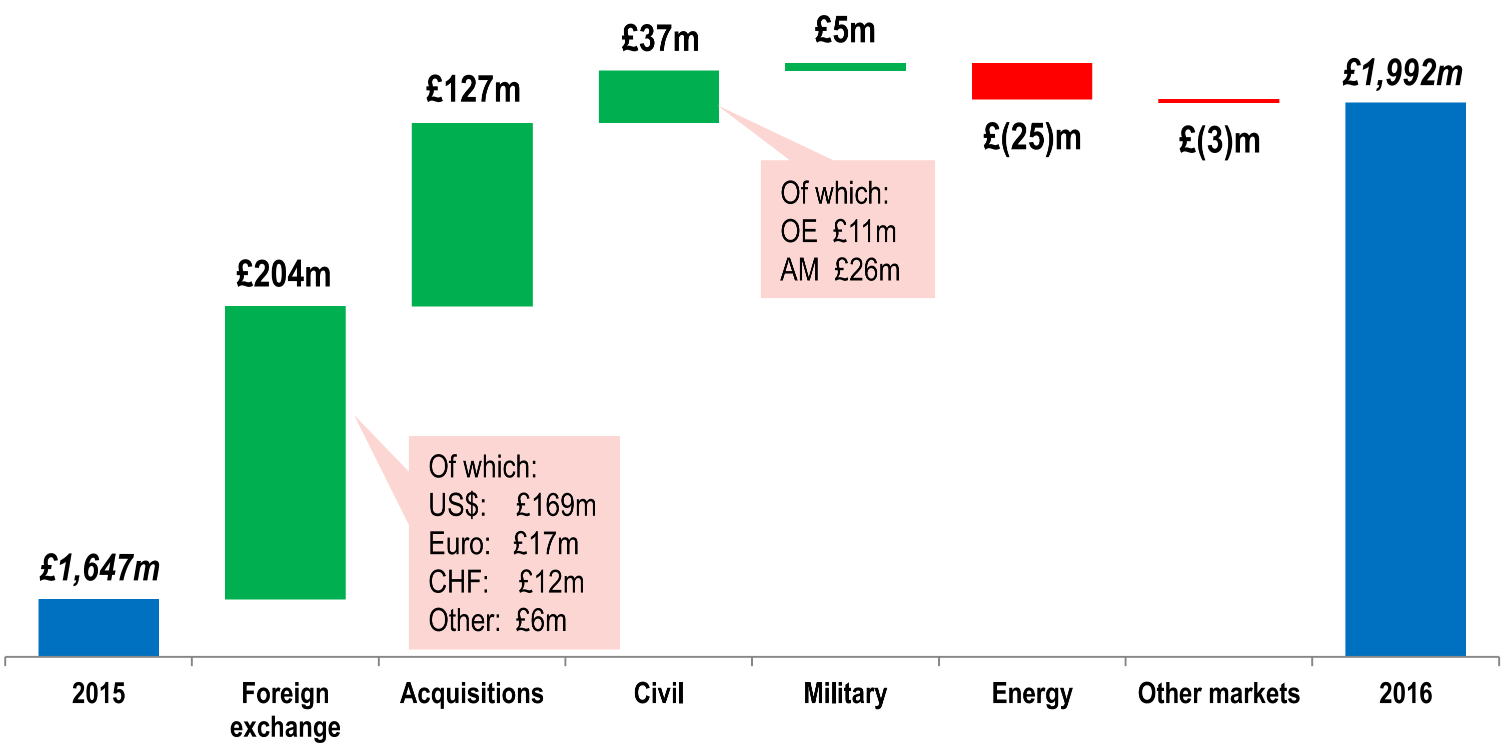
Revenue



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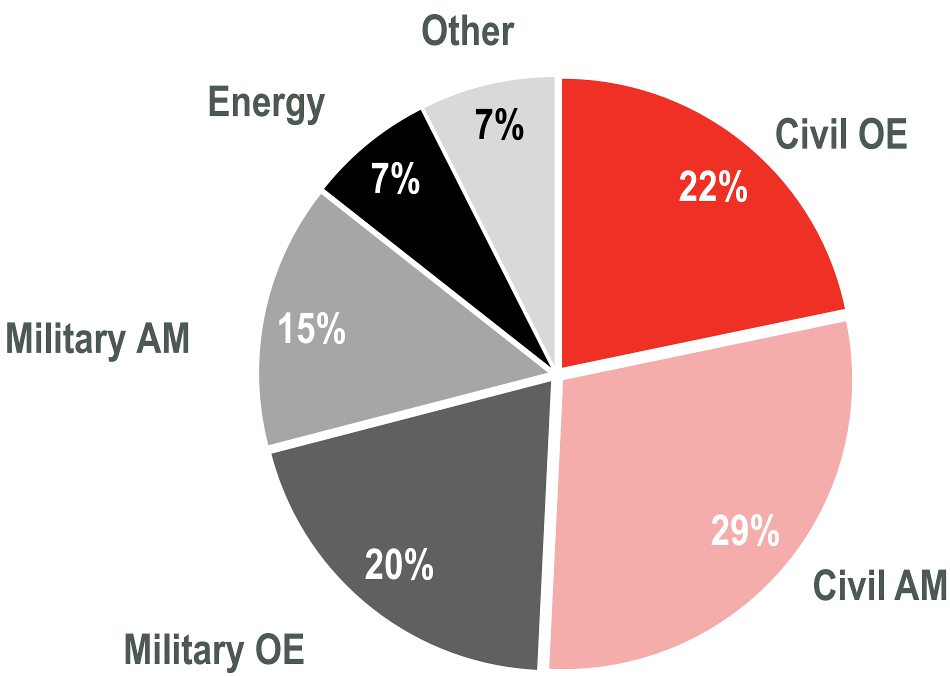
Revenue by market
A well balanced portfolio

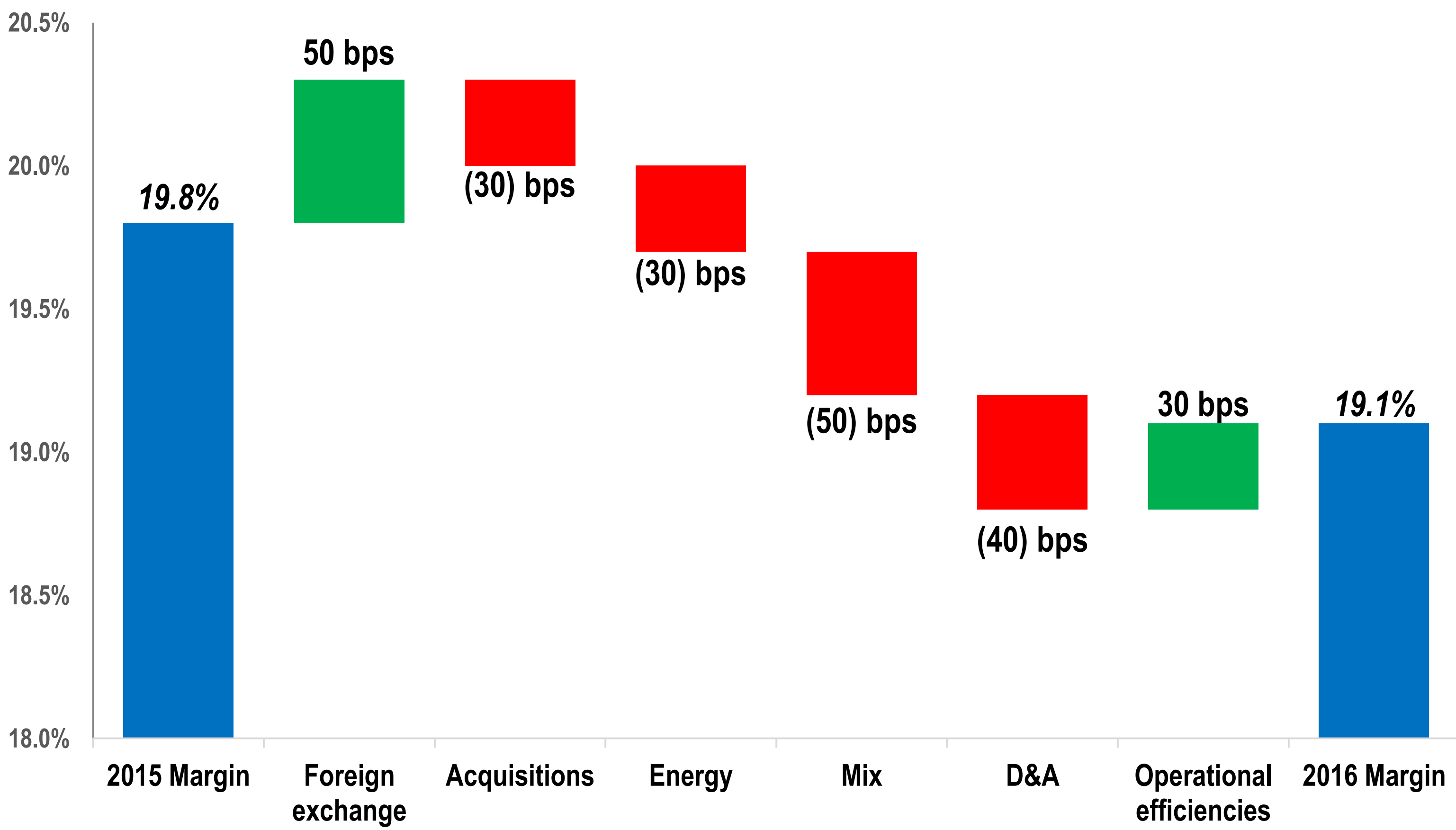


OE: 55%, Aftermarket: 45%

2016 organic growth

	Orders	Revenue	
	FY	H2	FY
Civil OE	-5%	+2%	+3%
Civil AM	+11%	+6%	+5%
Total Civil	**+4%**	**+5%**	**+4%**
Total Military	+6%	+7%	+1%
Energy	-20%	-15%	-17%
Other	0%	-1%	-2%
Total Group	**+3%**	**+3%**	**+1%**

Underlying operating margin



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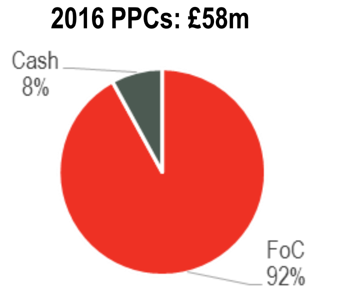
IFRS 15

>90% of revenue from sale of parts / MRO

POINT OF IMPACT	MAGNITUDE OF ANTICIPATED IMPACT FROM 2018

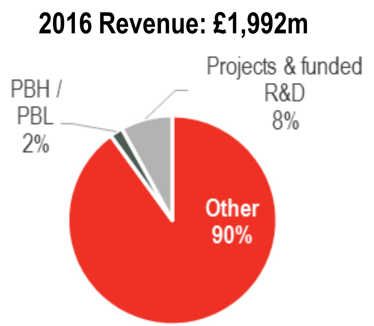
PROGRAMME PARTICIPATION COSTS



- No change likely to capitalisation of cash contributions
- Free of charge PPCs expensed from 2018 (2016 capitalised asset: £283m)
- Notional 2016 – 2018 impact charge to P&L based on IFRS 15:

£m	2016 Act	2017 est	2018 est
Capitalised PPCs (FoC)	(54)	(61) – (66)	(64) – (74)
Less: Amortisation	30	33 – 36	37 – 42
Net P&L impact under IFRS 15	**(24)**	**(28) – (30)**	**(27) – (32)**

REVENUE



- PBL contracts account for £30m of group revenue – unique to MABS
  - Typical maintenance interval of 2 years across fleet of 700+ a/c
- PBH contracts account for £10m of Group revenue – MCS / MSS only
  - Maintenance interval between 5 – 10 years on broad range of a/c
- Revenue derived from contracts with milestone payments (e.g. Heatric projects, funded R&D) account for £100m
  - Precise treatment likely to depend on specifics of contract

No impact on cash

FoC = Free of charge; PBH = Power by the hour contracts; PBL = Per brake landing contracts

Divisional financials

	Revenue		Underlying Operating Profit	Margin
		Organic Growth		
	£m	*%*	£m	%
Aircraft Braking Systems	406.1	*+3*	146.6	36.1
Control Systems	475.9	*+6*	117.6	24.7
Polymers & Composites	329.7	*+3*	39.5	12.0
Sensing Systems	530.7	*-1*	73.0	13.8
Equipment Group	250.0	*-7*	3.0	1.2
Total	**1,992.4**	*+1*	**379.7**	**19.1**

Weak business jet aftermarket impacts margin

Strong organic growth driven by civil aerospace

Margin accretion from composites acquisitions and recovery in fuel systems business

Weakness in military and energy markets offsets growth in civil aftermarket

Further drag from Heatric; cyclically quieter year in military

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Cash flow

£m	2016	2015	Change
Underlying EBITDA	**487.8**	**414.5**	+18%
Working capital movement	(57.0)	29.8	
Capex	(65.5)	(55.4)	**+18%**
Capitalised R&D	(69.6)	(80.5)	**-14%**
Capitalised PPCs	(57.5)	(43.0)	**+34%**
Underlying operating cash flow	**238.2**	**265.4**	
Pension deficit payments	(35.0)	(24.4)	**+43%**
Operating exceptionals	(18.3)	(10.7)	**+71%**
Interest and tax	(53.8)	(31.3)	**+72%**
Free cash flow	**131.1**	**199.0**	**-34%**
Dividends paid	(113.0)	(111.1)	
Share buyback and purchase of own shares	-	(156.1)	
M&A	59.8	(363.2)	
Net cash flow	77.9	(431.4)	

H2 inflow of £46m
2015 benefited from Heatric progress payments

Gross R&D reduced to 7.9% of revenue
(from 9.6% in 2015)

PPCs increasing as CSeries enters service

One-off payment of £10.2m made following the sale of Target Systems in December 2016

Sale of Target Systems in December 2016

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Financing and covenants

£m	At 31 Dec 2015[1] at $1.47	FX	Other	At 31 Dec 2016 at $1.24
Total assets (excluding cash)	4,446.6	675.3	17.8	5,139.7
Retirement benefit obligations	(284.5)	(31.5)	(98.7)	(414.7)
Other liabilities	(932.4)	(136.3)	(20.8)	(1,089.5)
Capital employed	3,229.7	507.5	(101.7)	3,635.5
Net debt	(1,051.2)	(195.4)	67.5	(1,179.1)
Net assets	2,178.5	312.1	(34.2)	2,456.4
Covenant ratios*				
Net debt/EBITDA (3.5x)	2.3x			2.1x
Interest cover (3.0x)	21.4x			14.5x

Reduction in UK gilt rates

* As defined in financing agreements

[1] Restated

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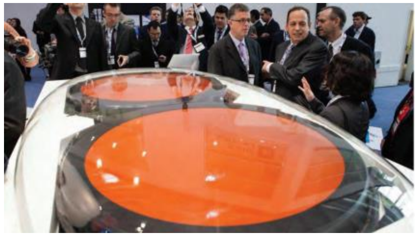
Acquisitions & Disposals

» Composites acquisitions delivering in line with expectations
  - Delays to civil programmes impacting near term revenue growth
  - Breadth and depth of combined capability supports longer term growth expectations
  - Strong progress realised on synergies - target increased by 30% to $12.7m by 2018
  - On track to deliver ROIC>WACC in year 3



» Non-core disposal of Meggitt Target Systems completed
  - Limited synergies with the rest of the business
  - £58.6m consideration equates to profit on sale of £40.7m

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Group Outlook

Stephen Young – Chief Executive

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Outlook

Revenue

	2016 GROWTH[1]	2016[1]	2017 GROWTH[2]	MEDIUM TERM GROWTH
Civil OE	3%	£432m	6 – 8%	Increased shipset on new aircraft 4% large jet delivery growth to 2021
Civil AM	5%	£577m	4 – 6%	CSS matures / 45k+ installed base / 5% ASK growth / pricing / younger fleet
Military	1%	£697m	1 – 3%	4% DoD spend growth to 2021 22k+ installed base positions on growth platforms
Energy / Other	(10%)	£286m	(5) – (10)%	Market recovery
Group	**1%**	**£1,992m**	**2 – 4%**	**Progressively stronger growth over the medium term**

1 2016 military revenue includes Target Systems disposed in December 2016 (£29.8m revenue)
2 Organic growth excluding FX and M&A

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Outlook
Margin

2016 Underlying Operating Margin	19.1%	▶	2017 Underlying Operating Margin Target	+0 to 30bps

Operational review in progress with five year stretch targets for improvement identified:

MPS

Inventory	▪ Turns to improve from 2.3 to 4.0x by 2021 (equates to >£200m cash)
Productivity	▪ Savings accelerating as more sites enter latter phase of MPS
Supply Chain	▪ Year on year net cost down on purchases
Footprint	▪ 20% reduction in footprint by 2021
R&D / NPI	▪ Total R&D reduced to 6-7% of revenue by 2018 ▪ NPI margin headwind reducing from 2018

TARGET: 200-250bps[1] of net margin improvement by 2021

[1] Organic / Based on current GAAP

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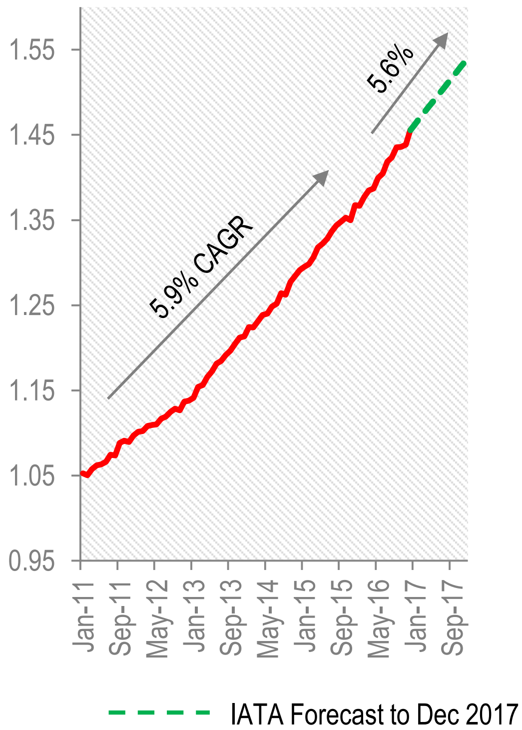
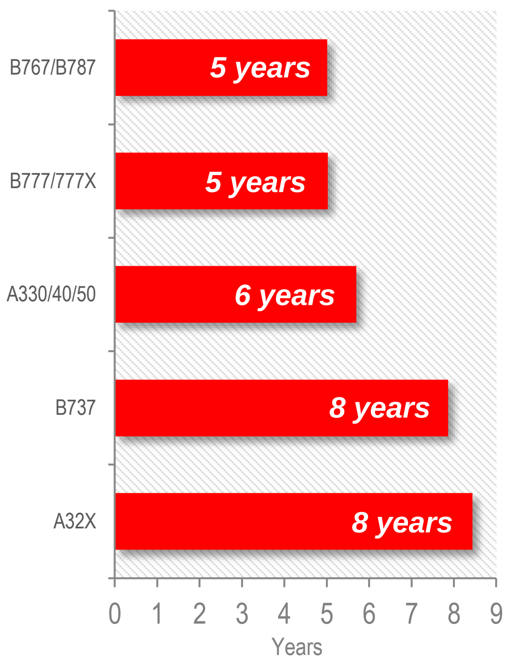
Revenue growth driver #1

Commercial aero forecasts remain positive

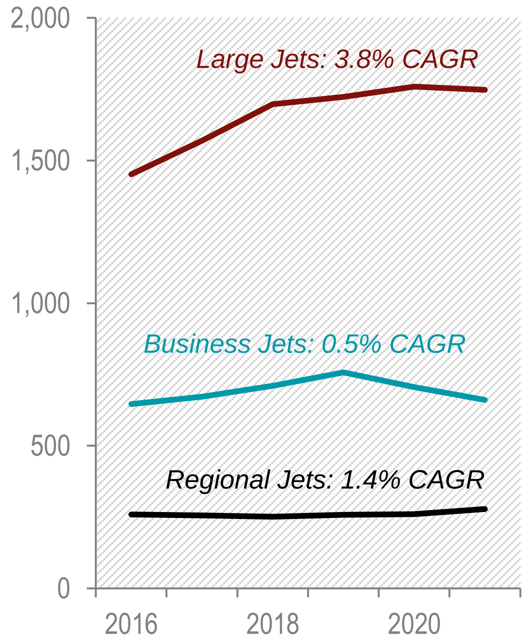
TRAFFIC GROWTH ABOVE 5%[1]



STRONG BACKLOGS



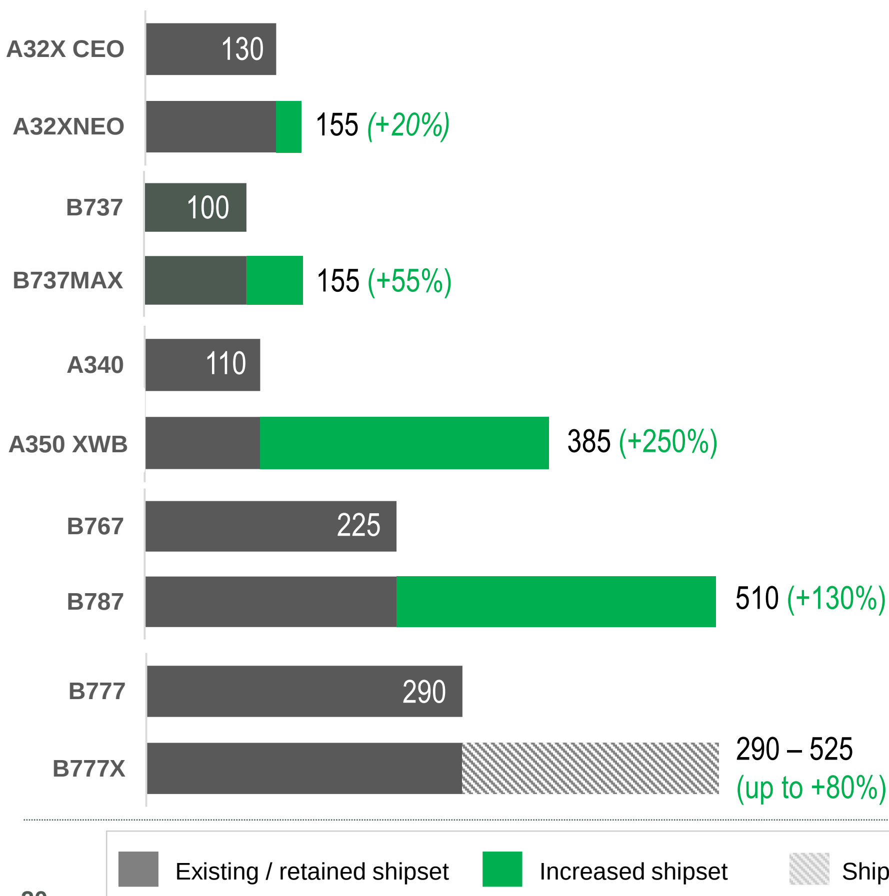
GROWTH IN DELIVERIES TO 2021



[1] Available Seat Kilometre MAT index
Source: Meggitt Forecast, Forecast International, IATA, Boeing, Airbus

Revenue growth driver #2
Increased content on new aircraft platforms

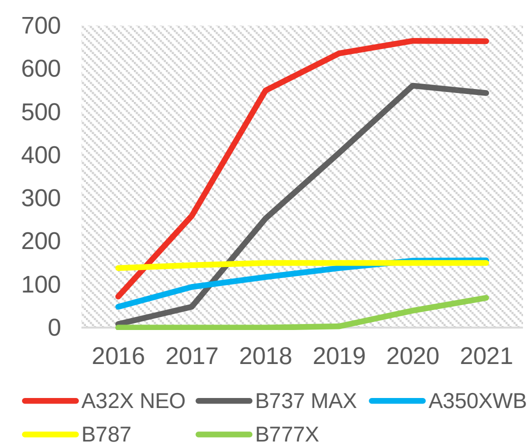
OE SHIPSETS ($k) ON NEW VS OLD AIRCRAFT PLATFORMS



FLEET SIZE

	2016	2026
A32X CEO	6,780	4,866
A32XNEO	77	7,041
B737	6,085	5,401
B737MAX	9	5,337
A340	271	120
A350 XWB	67	1,650
B767	872	546
B787	503	2,146
B777	1,400	1,135
B777X	0	701

GROWTH PLATFORM BUILD RATE

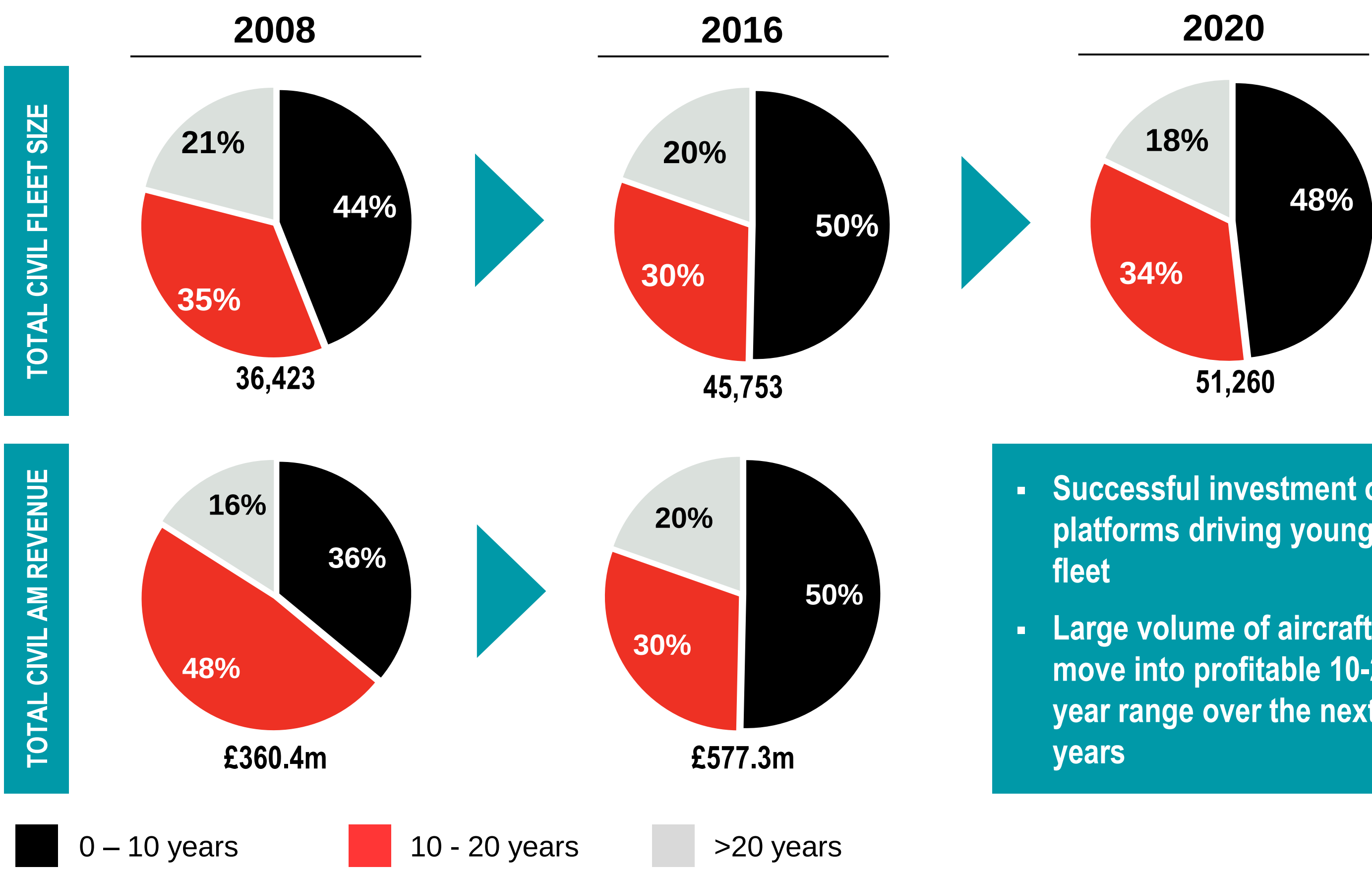


- **Increased content on growing platforms will drive increased aftermarket for decades**
- **Selected platforms account for over 30% of total civil revenues in 2016**

Source: Meggitt Forecast, Forecast International

Revenue growth driver #3

Younger fleet driving long term aftermarket demand



- Successful investment on new platforms driving younger fleet
- Large volume of aircraft due to move into profitable 10-20 year range over the next 5 years

Source: Meggitt Forecast, Forecast International

Revenue growth driver #4
CSS accelerating aftermarket growth

- CSS phase two transition now complete
  - Centralised and restructured customer facing activities - complete 2015
  - Centralised spares distribution and operations for >40% of Group aftermarket[1] – complete H2 2016
- Good progress realised on strategic priorities highlighted at 2016 Investor Day:
  - Trade in surplus parts more than doubled with further growth anticipated
  - Closed Akron, Louisville and Kassel MRO facilities
  - Improved operational performance to improve customer satisfaction
  - Focused on building retrofit, modification and upgrade pipeline to drive additional growth
- Total civil aftermarket growth of 5.4% in 2016 vs market growth of 3.5%[2]

Foundations in place, benefits accelerating

[1] By revenue
[2] Canaccord Genuity 2016 component MRO market inclusive of repairs and spare parts (Herbert, 19 Jan 2017)

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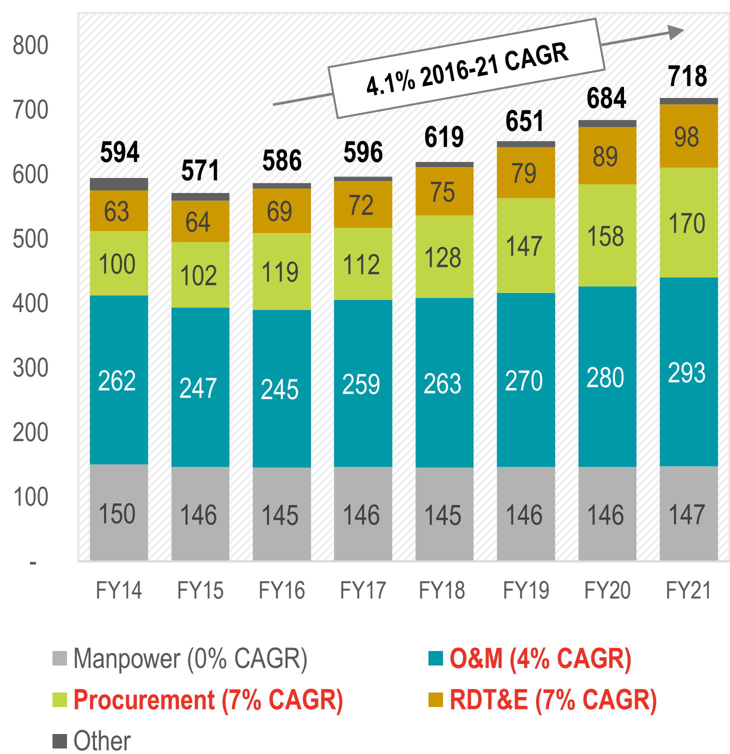
Revenue growth driver #5
Good position in improving military market

DOD BUDGET OUTLOOK (BILLIONS $USD)



TOP 10 MILITARY PLATFORMS (BY REVENUE)

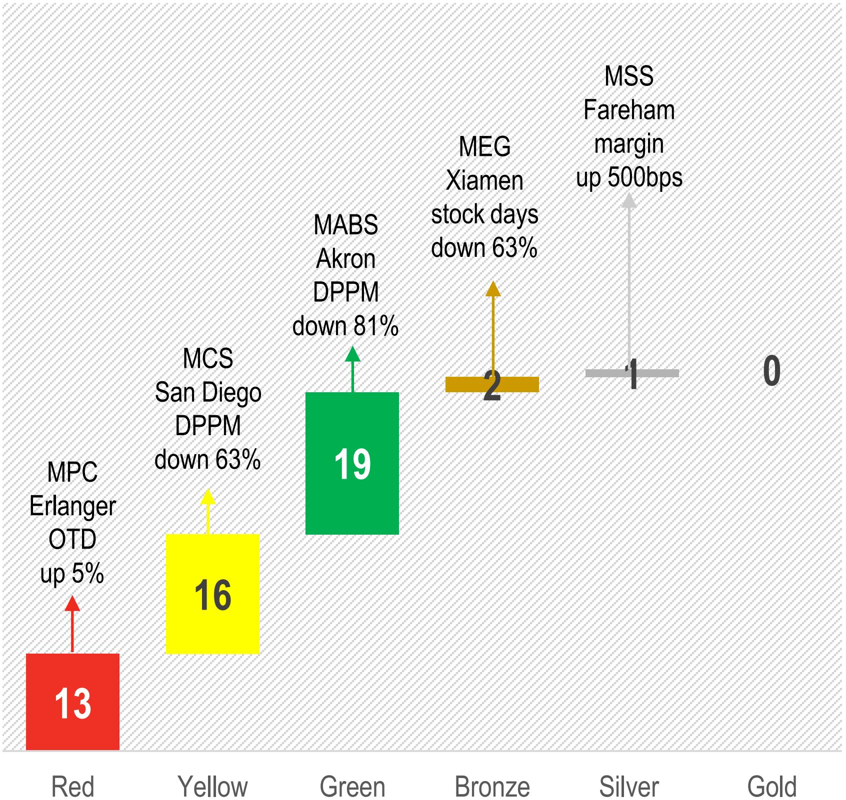
#	Platform	Fleet Growth 2016 -21[1]	% of 2016 Military Rev	
			OE	AM
1	Typhoon	+4%	7%	11%
2	Blackhawk	+1%	6%	7%
3	F-35 JSF	+31%	7%	1%
4	V-22 Osprey	+5%	5%	3%
5	F/A-18 Hornet	(4%)	3%	6%
6	F-15 Eagle	0%	1%	6%
7	Apache	+2%	2%	4%
8	F-16 Falcon	(4%)	1%	5%
9	C-130J	0%	2%	2%
10	BAE Hawk	+1%	1%	3%
	Top 10		35%	48%
	Other platforms		65%	52%

Source: DoD actual, BofAML Forecast (Epstein, 12 Jan 2017), Meggitt Forecast, Forecast International
[1] Compound growth

Operational review
Accelerating financial benefits from MPS

- First three stages focus on future growth achieved through realising improvements in quality and delivery performance
  - Defects (DPPM) reduced by 87%
  - On time delivery (OTD) improved by 15%
- **Last three stages drive financial benefit:**
  - Cash improvement through inventory reduction
  - Increased margin through productivity improvements
- **Benefits accelerate as a critical mass of sites move into bronze, silver and gold phases**

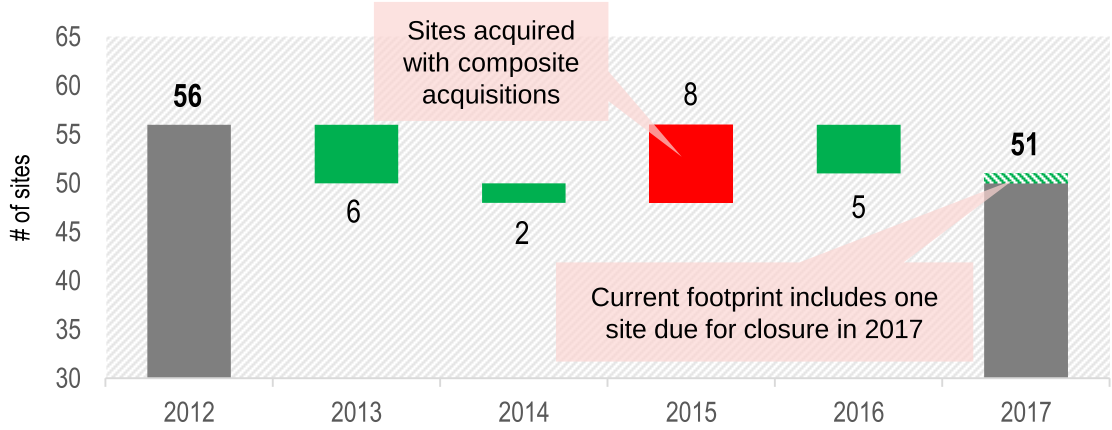
DISTRIBUTION OF SITES BY MPS STAGE / EXAMPLE ACHIEVEMENTS



[1] Colour denotes current MPS stage the site is working towards

Operational review

Site consolidation continuing



Current footprint of 51 sites provides significant potential for further efficiencies

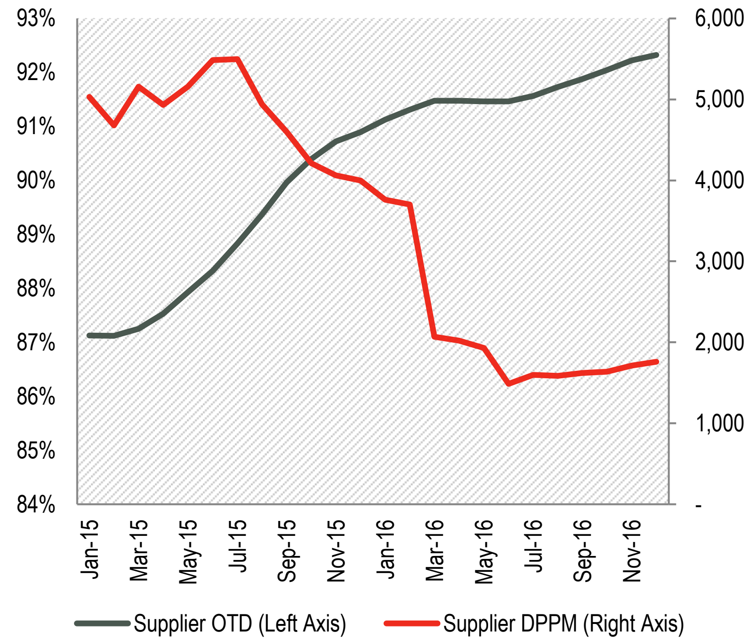
- Site consolidation plan maturing in order to accelerate consolidation and maximise efficiencies:
  - Consolidating MRO facilities into regional hubs
  - Aggregating common capabilities into centres of excellence
  - Growing footprint in low cost regions
  - 'Super sites' which optimise scale efficiencies and leverage investment in automation

Targeted 20% reduction in footprint to be achieved by 2021

Operational review

Leveraging supply chain to drive margin

RECENT FOCUS ON BUILDING ROBUST SUPPLY CHAIN



KEY LEVERS TO ACHIEVE SAVINGS TO 2021

- Increase percentage of spend under preferred terms / long term agreements
- Expansion and increased focused on strategic categories[1]
- Rationalise indirect spend
- Greater sourcing from low cost region suppliers

Recurring savings in direct and indirect purchasing support overall margin growth

[1] Current category strategies cover machining, electronics and fasteners commodities which account for 40% of direct spend

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FY 2016 Summary

- Revenue up 21%
- Earnings per share up 10%
- Proposed dividend increase 5%, reflecting confidence in outlook
- Strengthened balance sheet - net debt reduced to 2.1x EBITDA[1]
- Good progress on strategic initiatives
  - CSS growth ahead of market
  - First sites entering later stages of MPS
  - Reducing fragmentation
- Operational review to accelerate financial benefits:
  - Stronger growth over the medium term
  - Targeted margin increase of 200-250bps by 2021[2]
  - Improved cash conversion through decreasing inventory and R&D costs

[1] Covenant basis
[2] Organic / Based on current GAAP

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Currency PBT Impact

	H1 2016 Act	FY 2016 Act	H1 2017 Est	H2 2017 Est	FY 2017 Est
$/£ rate					
Translation rate	1.43	1.33			
Transaction rate (hedged)	1.53	1.49	1.49	1.49	1.49
Euro rate					
€/£ Translation rate	1.28	1.21			
$/€ Transaction rate (hedged)	1.21	1.21	1.18	1.18	1.18
CHF rate					
CHF/£ Translation rate	1.41	1.32			
$/CHF Transaction rate (hedged)	1.07	1.08	1.06	1.06	1.06
PBT impact £m					
Year-on-year translation		33.2			
Year-on-year transaction		10.1	2.2	(0.3)	1.9
Year-on-year currency benefit/(headwind)		43.3			

Currency sensitivity: ± 10 US$ cents = ± £95m Revenue; ± 17m PBT
± 10 Euro cents = ± £11m Revenue; ± 1m PBT

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Operating exceptionals

£m	2016 FY Act at \$1.33	2017 FY Est at \$1.25
P&L charge		
Site consolidation	7.0	6 – 9
Business restructuring costs	5.7	-
Integration of acquired businesses	6.6	3 – 4
Raw material supply issue	(3.8)	-
Total	15.5	9 – 13
Cash out		
Site consolidation	4.7	7 – 10
Business restructuring costs	6.2	-
Integration of acquired businesses	6.6	3 – 4
Raw material supply issue	0.8	-
Total	18.3	10 – 14

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Investment accounts

£m	2016 Act at $1.33	FY 2017 est at $1.25	FY 2018 est at $1.25
1. R&D			
Total expenditure	158	150 - 175	140 – 170
Less: customer funded	(32)	(35) – (45)	(30) –(40)
Group spend	126	115 – 130	110 – 130
Capitalisation	(72)	(60) – (70)	(60) – (70)
Amortisation/impairment	17	20 – 25	22 – 27
Charge to net operating costs	71	75 – 85	72 – 87
2. Programme participation costs			
Free of charge capitalisation	54	61 – 66	64 – 74
Free of charge amortisation	(30)	(33) – (36)	(37) – (42)
PPC capitalisation	4	4	4
PPC amortisation	(3)	(3)	(3)
3. Fixed assets			
Capital expenditure	65	90 - 120	90 – 120
Depreciation	(57)	(60) – (65)	(75) – (85)
4. Retirement benefit deficit payments	35	35	41

Programme participation costs based on current GAAP and excludes the impact of IFRS15

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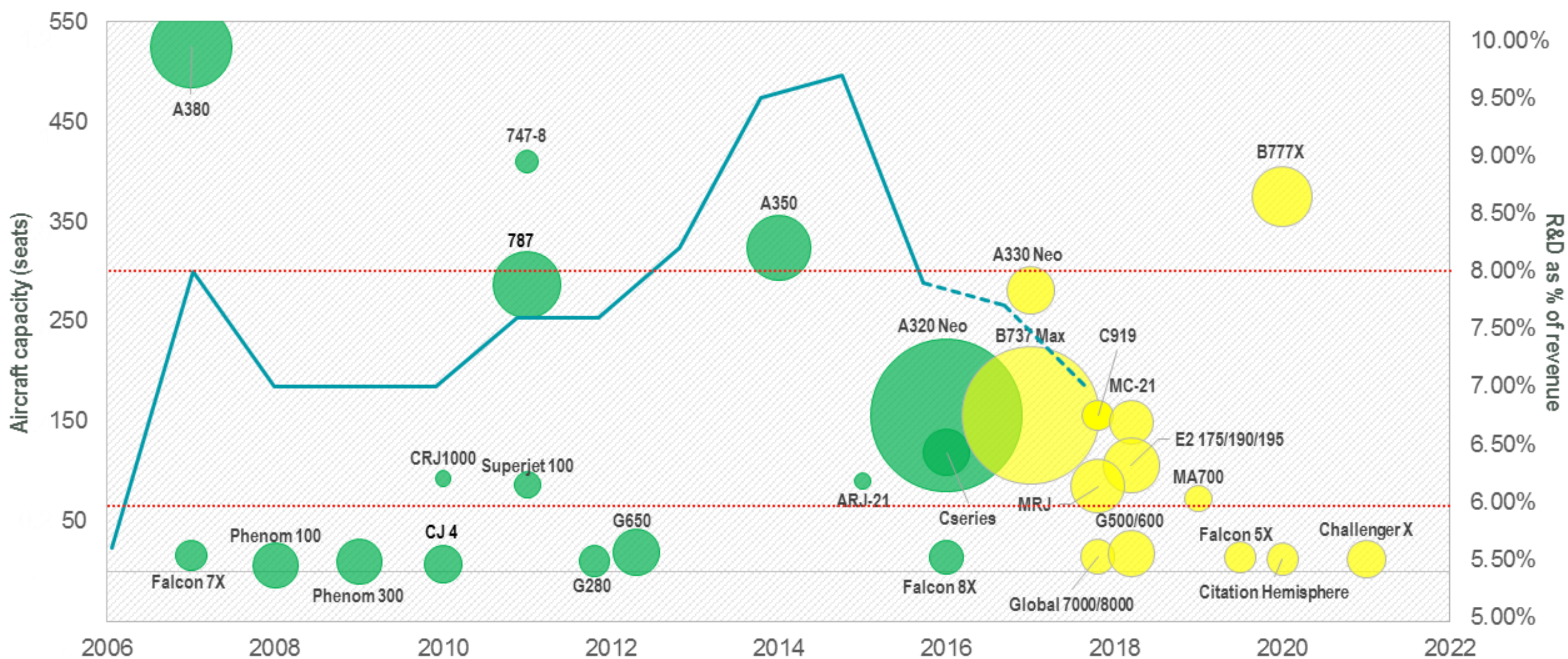
R&D investment

R&D investment passed the peak as % of revenue. NPI starts to peak in 2018



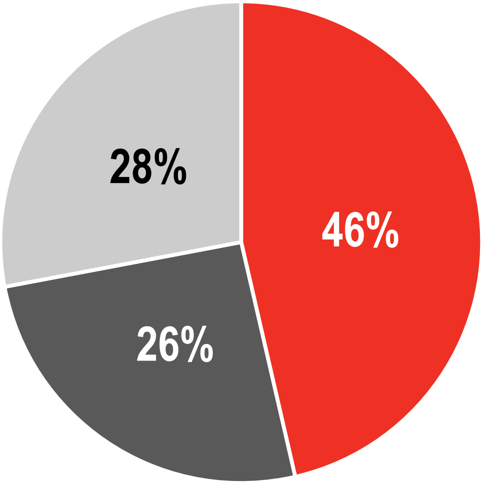
Platform in service | Platform in development | Size of bubble denotes 10 year build rate

Note – dotted line shows R&D as % of revenue based on investment accounts guidance and company compiled consensus revenue for 2017-18 (re-based to 2016 actuals)

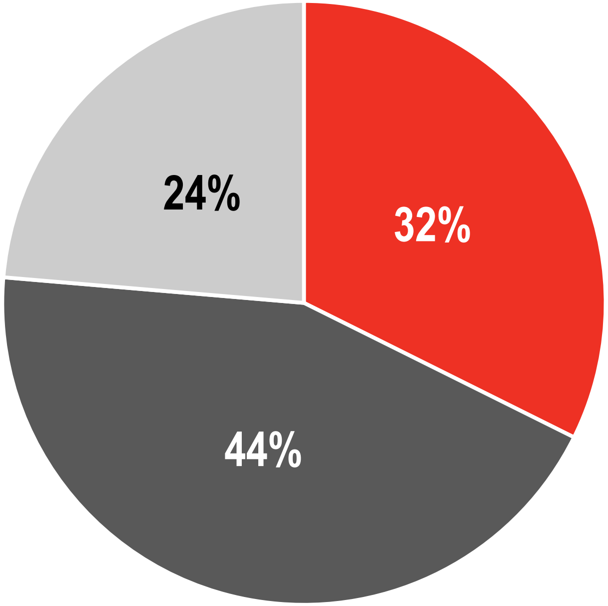
Capitalised costs

Significant proportion of capitalised costs yet to generate meaningful revenue

2015 Total capitalised costs - £676m[1]



2016 Total capitalised costs - £867m[1]



In development | In service (less than 5 yrs) | In service (greater than 5 years)

[1] Includes capitalised development costs and programme participation costs

Shares in issue

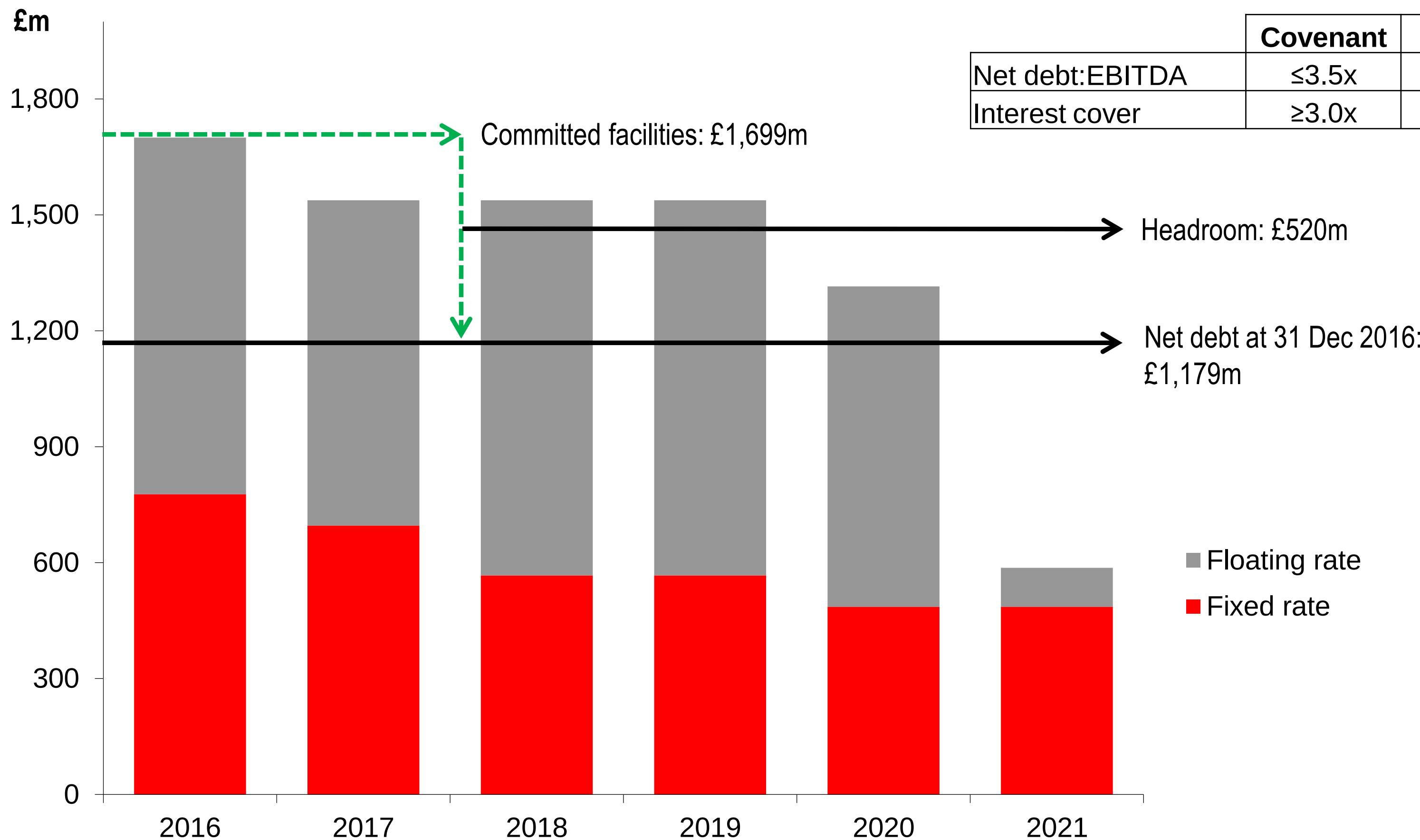
Share in millions

	2015	2016
Opening	802.3	775.5
Buyback	(28.3)	-
Scrip/Share schemes	1.5	0.2
Closing	775.5	775.7
Average*	785.4	774.7

* Adjusted to exclude own shares

Credit maturity profile
As at 31 December 2016

	Covenant	Actual
Net debt:EBITDA	≤3.5x	2.1x
Interest cover	≥3.0x	14.5x



Retirement benefits

£m	2015	2016
Opening deficit	(317.8)	(284.5)
Net deficit payments	24.4	35.0
Actuarial movements - assets	(7.2)	72.4
Actuarial movements - liabilities	36.6	(193.1)
	29.4	(120.7)
Other movements (including FX)	(20.5)	(44.5)
Closing deficit	(284.5)	(414.7)
UK discount rate	3.85%	2.65%
US discount rate	4.20%	3.95%

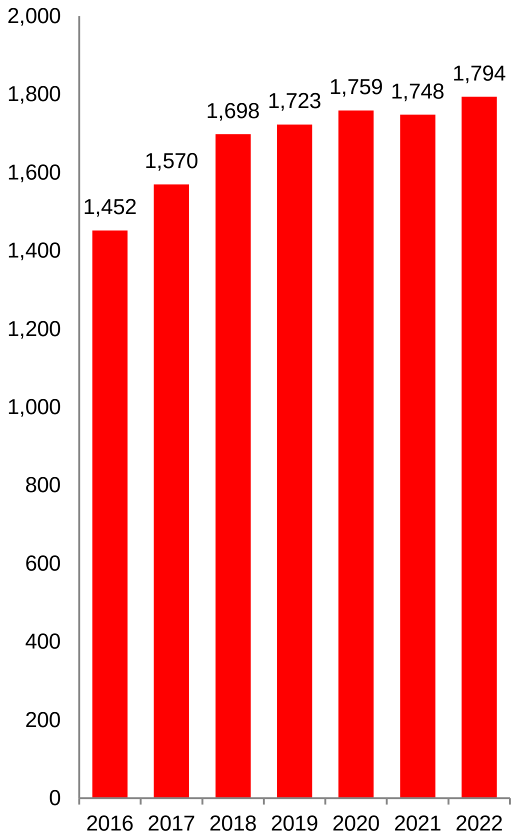
Capital allocation
Investing for growth

» Context:
  – Cash generative business model
  – Just past the peak of a major development cycle
  – Normal operating range of net debt:EBITDA is ~1.5x to 2.5x
  – Comfortable to move above and below this range in certain circumstances

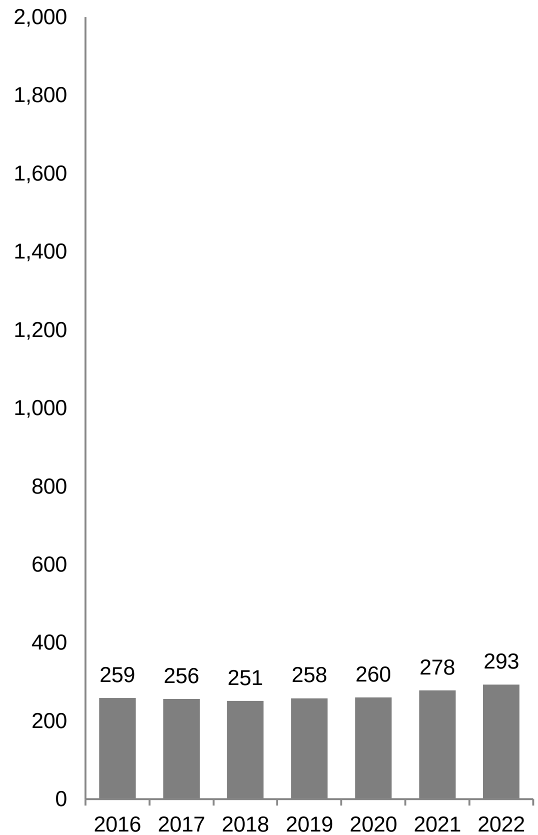
» Within this context, our priorities are:
  1. Funding organic growth and driving operational efficiency
  2. Growing dividends in line with earnings through the cycle
  3. Targeted, value-accretive acquisitions in our core markets
  4. Maintain efficient balance sheet

Aircraft OE deliveries

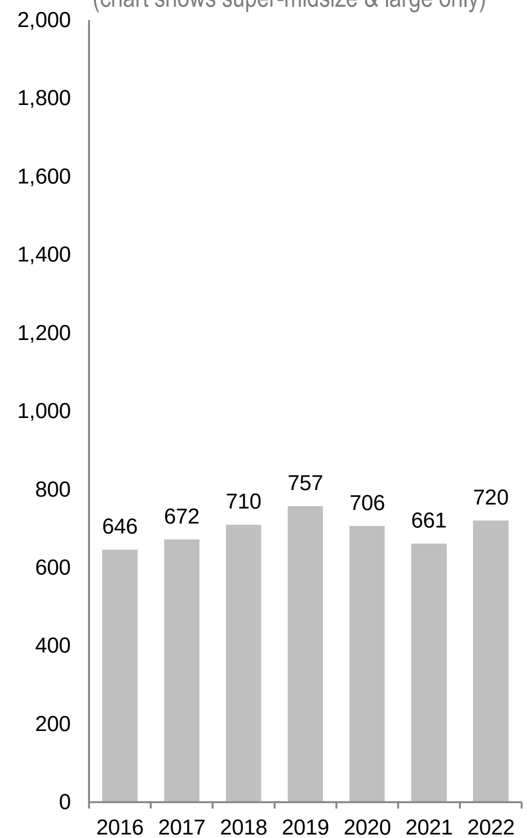
Large jet - 30% of civil revenue



Regional aircraft - 3% of civil revenue



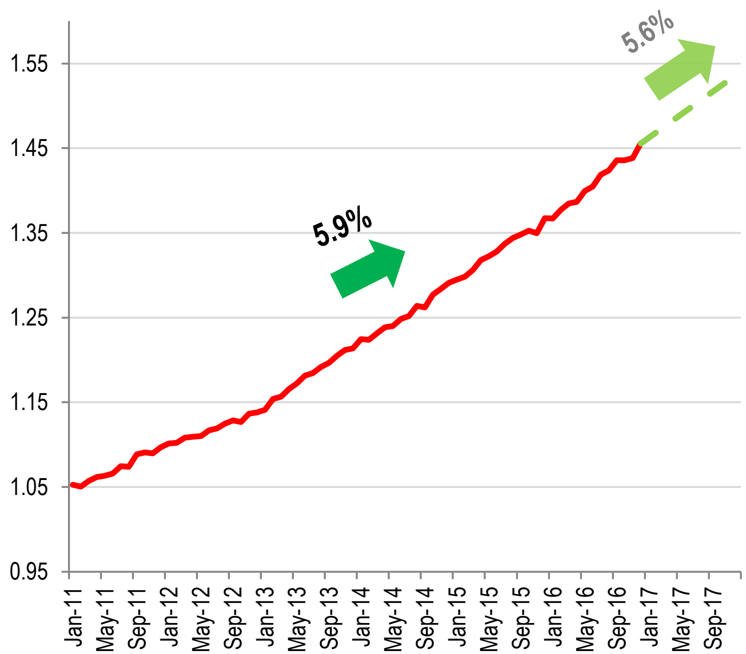
Business jet - 6% of civil revenue
(chart shows super-midsize & large only)



Source: Meggitt estimates

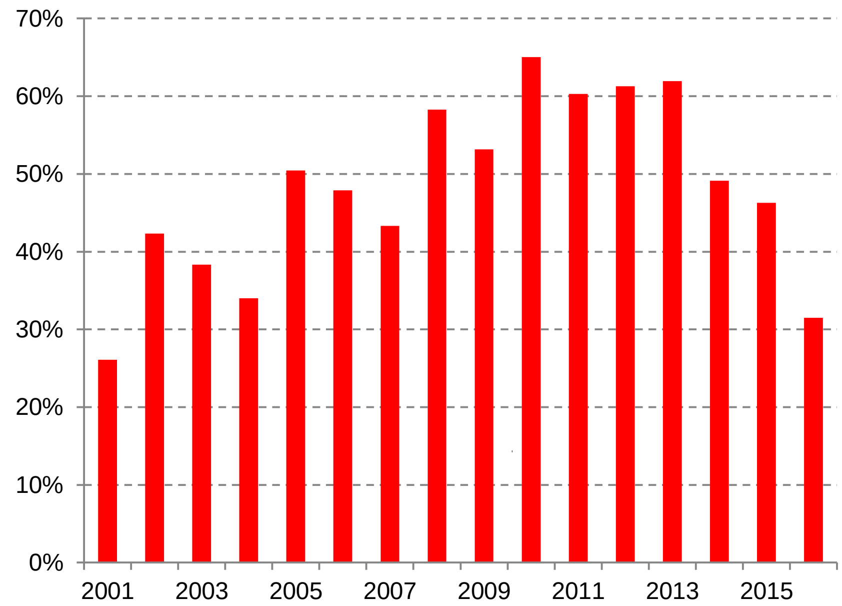
Civil aerospace aftermarket
Commercial jet utilisation and retirement rates

Available seat kilometres MAT Index



Source: IATA/Meggitt estimates

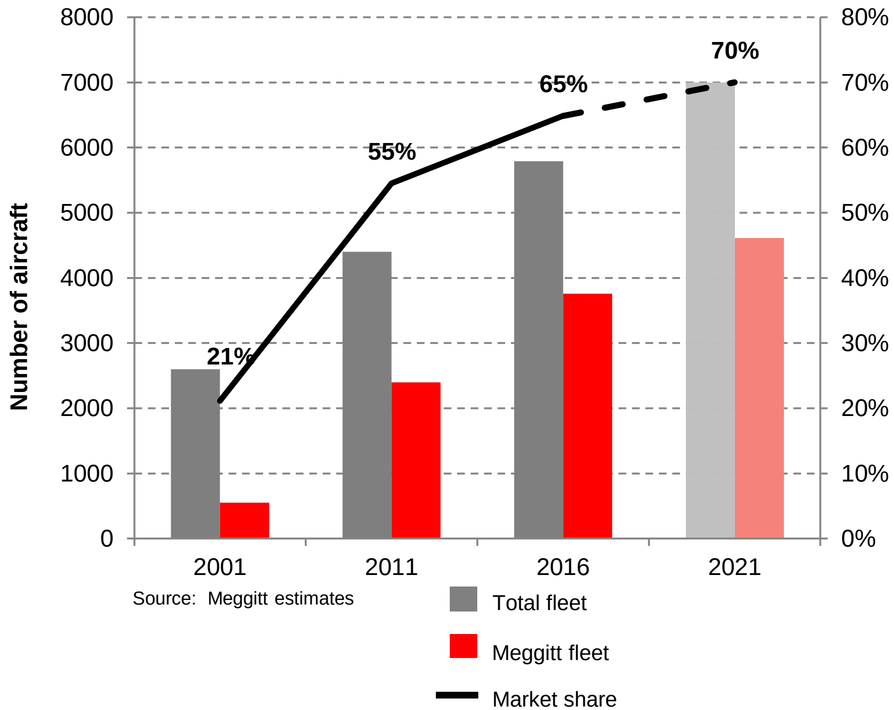
Retirements as a percentage of deliveries



Source: ACAS/Meggitt estimates

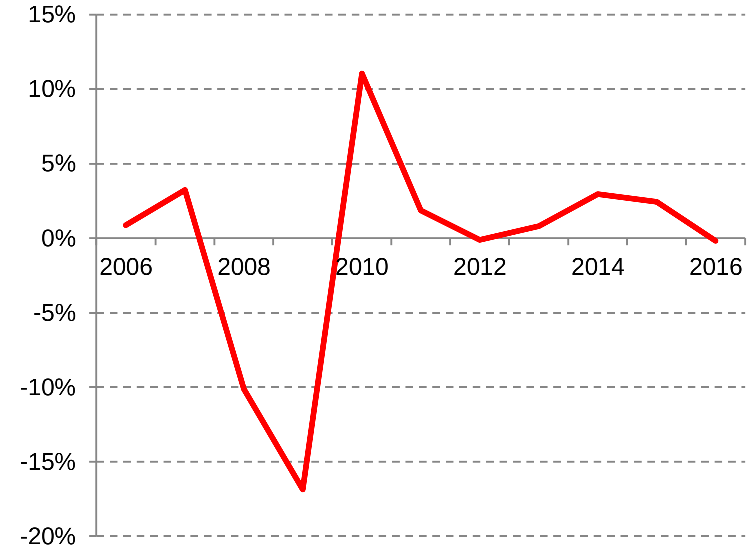
Civil aerospace aftermarket
Business jet market share and utilisation

Meggitt share of super mid-size & large business jet
Wheel & brake market



Source: Meggitt estimates

Business jet operations growth/decline
(US & EU only)



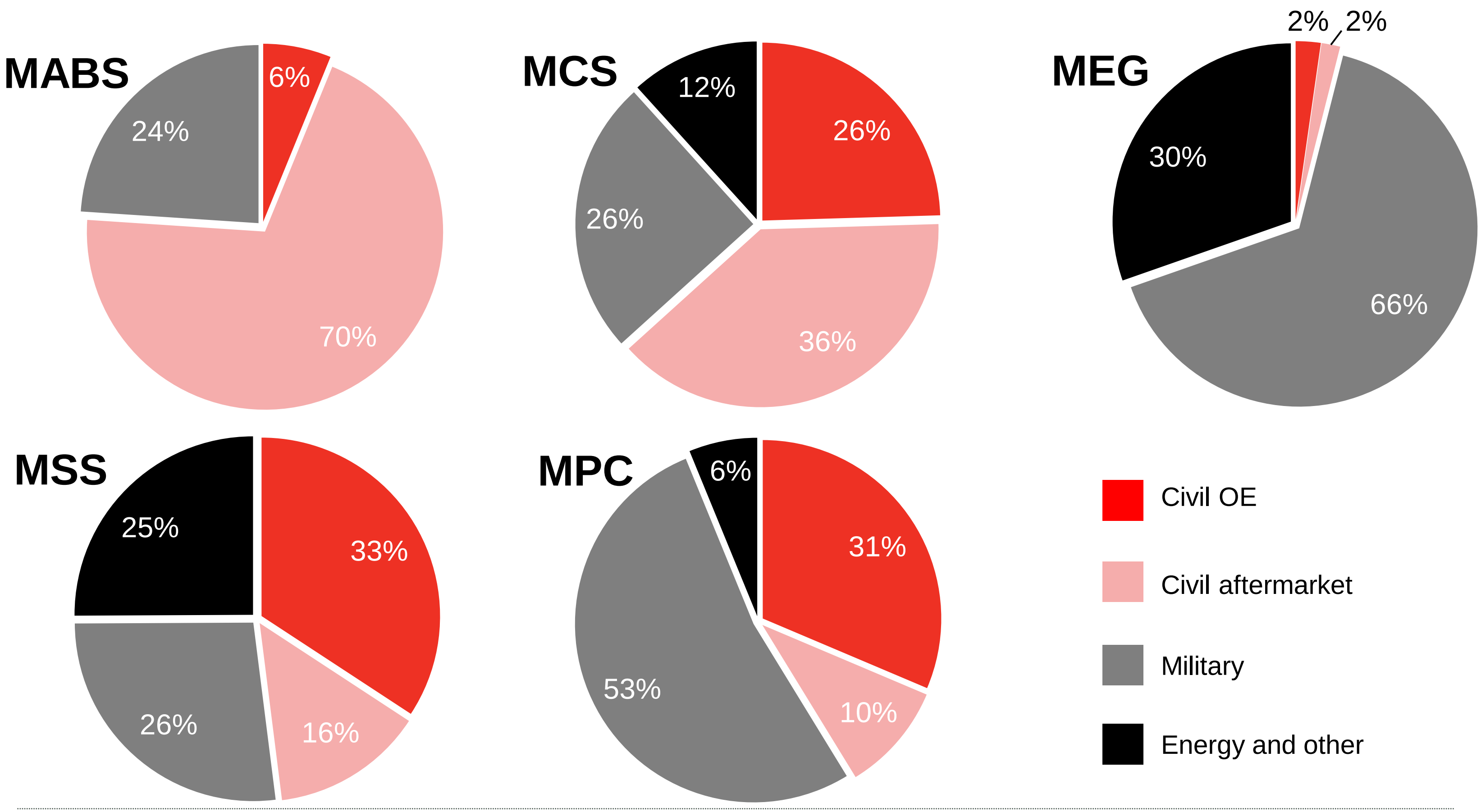
Source: Eurosky/ETMSC & Meggitt estimates

» Significant market share gains and fleet growth

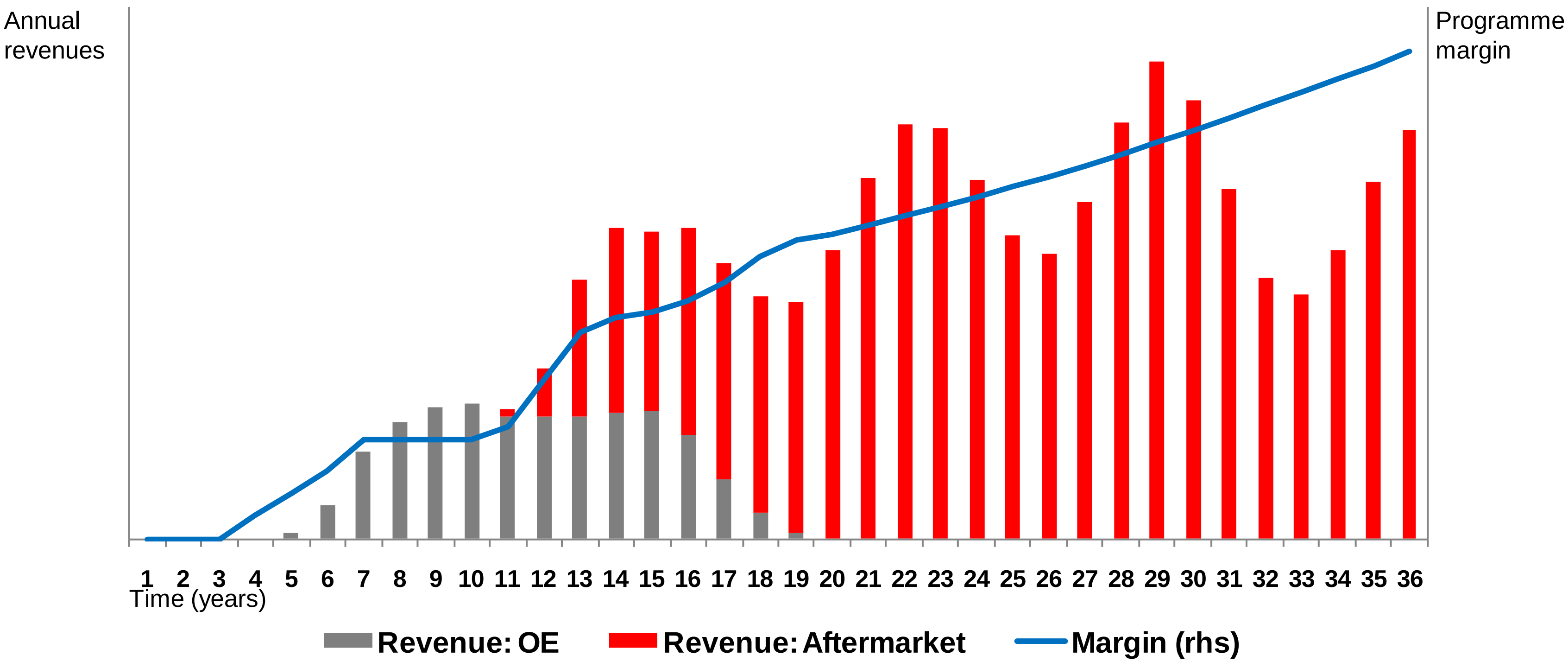
» Softness in US & EU traffic in 2016

MEGGITT

Divisional end market exposures
FY2016

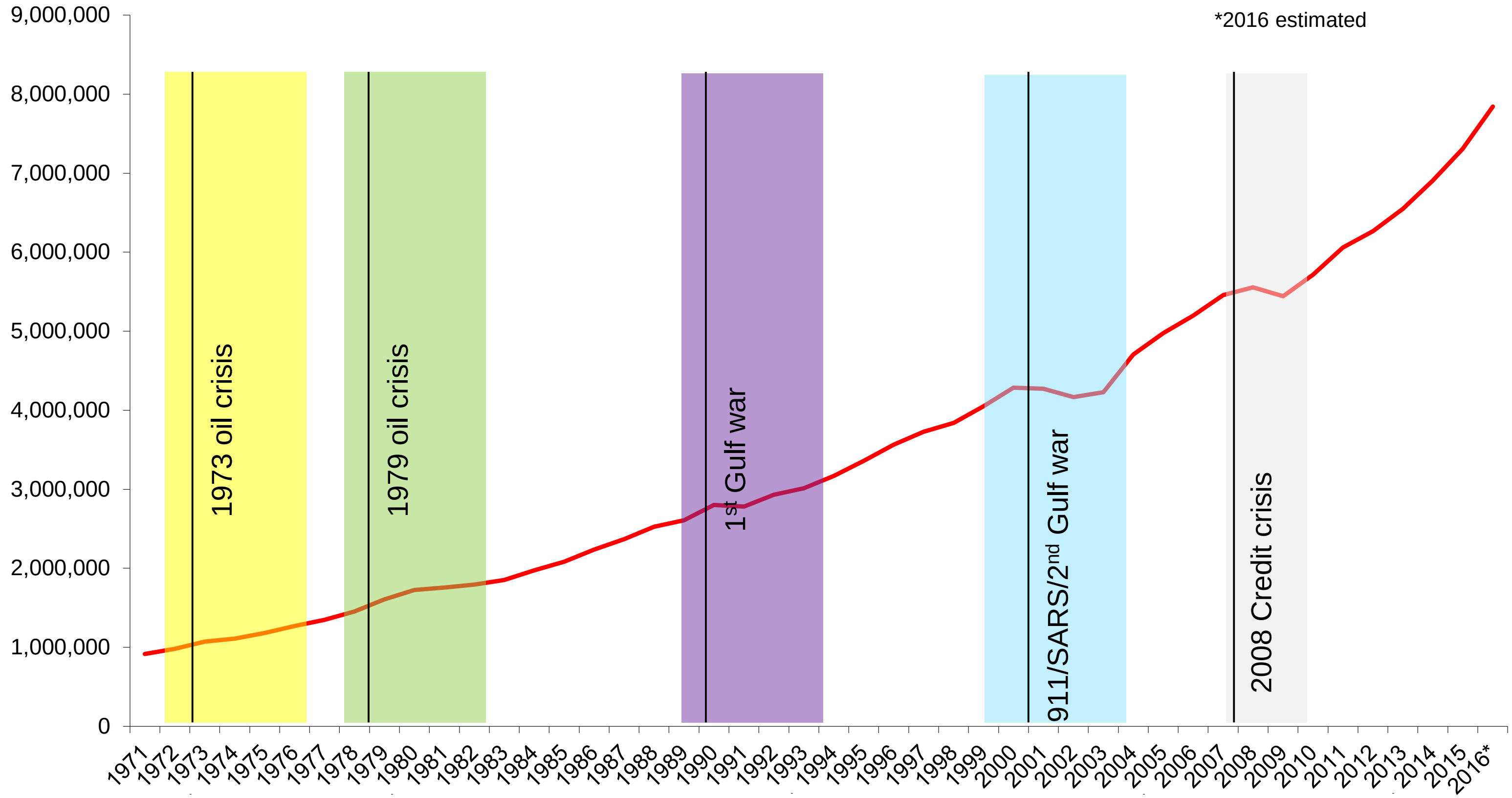


Civil aerospace
Typical MCS programme life cycle



- Aftermarket revenues more than 6 times greater than OE revenues
- Margin progression through the lifecycle

Air traffic history and forecast



TOTAL WORLD ASKs 1970-2015* Source ICAO – worldwide traffic, international & domestic