



28 October 2015

Meggitt PLC

Trading update

Meggitt PLC (“Meggitt” or “the Group”), a leading international company specialising in high performance components and sub-systems for the aerospace, defence and energy markets, today issues a trading update.

Trading during the third quarter was below expectations, due to a marked deterioration in September. Continued organic (excluding the effects of M&A and foreign exchange) growth in civil original equipment of +2% was more than offset by weaker than expected trading in civil aftermarket (0%), military (-2%) and energy (-16%) markets, resulting in an organic decline of 1% in the quarter.

Profitability in the third quarter has been impacted by mix, both across end markets and within the aftermarket following lower than anticipated spares volumes for older civil and military aircraft. Additionally, lower volumes and a number of programme deferrals announced by customers have also impacted margins. Energy markets continued to weaken, with the further organic decline resulting in lower than expected overhead absorption.

These factors are expected to persist through the fourth quarter, which will result in underlying operating profit for the year being meaningfully below the current company compiled consensus estimate of £369m. Free cash flow for the Group remains strong, although given the lower than expected profit outturn for 2015 this will result in financial gearing higher than the previously guided level of 2.1x net debt:EBITDA.

In response to current trading conditions, we have expanded our cost reduction activity and are assessing options to reduce our global employee base by approximately 300. This process will be complete, subject to consultation where required, by the end of the first quarter 2016. The associated cost will be taken as an exceptional charge in 2015.

Stephen Young, Chief Executive, commented: “Clearly the current market weaknesses we are experiencing are very disappointing. In response, we are taking further action to reduce the cost base. We continue to invest in delivery against the many new programmes we have won in recent years, and remain confident in the medium to long-term strategic direction and financial performance of the Group.”

A conference call for investors and analysts will be held at 8.30am GMT on 28 October 2015. The call will be hosted by Stephen Young, Chief Executive; Doug Webb, CFO; and Richard Cashin, Group Head of Investor Relations. The dial-in numbers are:

From the UK: 0800 368 0649

International: +44 (0)203 059 8125

The participant code is Meggitt. The call will be recorded and available for playback at www.meggitt.com for seven days after the event.

ENQUIRIES

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Cautionary statement

This trading update, including information included or incorporated by reference in this trading update, may contain forward-looking statements concerning Meggitt PLC or its Group. Generally, the words "will", "may", "should", "continue", "believes", "expects", "intends", "anticipates" or similar expressions identify forward-looking statements. Such forward-looking statements involve risks, uncertainties and other important factors which could cause the actual results, performance or achievements of the Meggitt group or the market and economies in which the Meggitt group operates to be materially different from those expressed or implied by such forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the ability of Meggitt PLC or its directors to control or estimate precisely, such as future market conditions and the behaviours of other market participants, and therefore undue reliance should not be placed on such statements, which speak only as at the date of this trading update. Neither Meggitt PLC, nor any of its group undertakings, nor the directors of any of them, assumes any obligations to, and do not intend to, update these forward-looking statements, except as required pursuant to applicable law.

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