

12 November 2019

Meggitt PLC

Update on Q3 trading and 2019 guidance

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 announces its third quarter trading update and an upgrade to its revenue guidance for the year to 31 December 2019.

Trading in the third quarter was stronger than previously anticipated, with overall organic revenue growth of 11%, driven by all end market segments and a particularly strong performance in Defence.

In Civil Aerospace, Original Equipment (OE) revenues grew by 4% in the third quarter, driven by good growth in regional and business jets with revenue from large jets slightly ahead of the comparative period. The Group is maintaining its full year guidance of 5 to 7% reflecting our expectation of continued growth in aircraft deliveries to year end.

Civil Aftermarket revenues grew by 4% in the third quarter, where we delivered good growth in large jets against a backdrop of lower air traffic growth and ongoing delays in the delivery of initial provisioning spares for the 737MAX. Growth in large jets and a good performance in business jets were partially offset by a softer quarter in regional jets. The Group continues to expect full year civil aftermarket organic revenue growth of 3 to 5%.

In Defence, revenues grew by 20% in the third quarter, with strong growth in both OE and the aftermarket reflecting our significant platform and fleet positions and a continuation of upgrade and retrofit activity in the US. The Group now expects full year organic revenue growth of 9 to 11% (up from previous guidance of 6 to 8%).

In Energy, revenues grew by 26% in the third quarter, driven by a strong performance in our Heatric business. The project-driven nature of this division means that performance can be unevenly distributed across the year. The Group therefore continues to expect full year organic revenue growth of 0 to 5%.

Strategic initiatives

During the quarter, we continued to see the benefit of our strategic initiatives including improving operational performance in Engine Composites, reflecting the investment we have made to increase capacity and capability in this business.

We have also delivered further savings in purchase costs and continued to make good progress on consolidating our global footprint, notably on the construction of our new facility at Ansty Park, UK where we are on track to commence the progressive transition of four existing UK sites in 2020.

In our Services and Support division, we further strengthened our relationships with customers securing a number of new SMART Support™ contracts during the period.

Revenue upgrade and outlook for the full year 2019

As a result of the Group’s strong revenue performance in the quarter, we are upgrading guidance for organic revenue growth for the Group for the full year to 6 to 7% (up from 4 to 6% previously).

While we expect good top line growth for the full year, margin progression will be constrained by mix effects, the grounding of the 737MAX and, as discussed at the half year, pressures across our internal and external supply chain driven by the unprecedented ramp up in new aircraft production. As a result, full year operating margin is expected to be towards the lower end of our guidance range of 17.7% to 18.2%.

With exposure to some of the fastest growing platforms and hardest working fleets across both civil aerospace and defence, and continued progress on our strategic initiatives, the Group remains well positioned for the future and we look forward to delivering another year of profitable growth.

A conference call for analysts and investors will be held at 8.30am this morning. The dial in details are as follows:

Dial-in number: 08003589473
Access code: 24590938#

URL for international dial-in numbers:
http://events.arkadin.com/ev/docs/NE_W2_TF_Events_International_Access_List.pdf

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Cautionary Statement

This Results Announcement contains forward looking statements with respect to the financial condition, results of operations and businesses of Meggitt PLC and its strategy, plans and objectives. These statements are made in good faith based on the information available at the time this announcement was approved. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a number of risks and uncertainties that are inherent in any forward-looking statement and which could cause actual results to differ materially from those currently anticipated. Meggitt does not intend to update these forward-looking statements. Nothing in this document should be regarded as a profit forecast. This report is intended solely to provide information to shareholders and neither Meggitt PLC nor its directors accept liability to any other person, save as would arise under English law.