

Wayne Edmunds,

Interim Group Chief Executive

Interim results 2017

Q: What have your impressions been in the first month as CEO of BBA Aviation?

WE: As you know, I've been a non-Executive Director here at BBA Aviation since 2013. But being CEO does give one a very unique perspective. Over the past month or so I've travelled around to a number of our operational locations and had a chance to visit a number of our customers. And I'd say I'm very, very pleased and perhaps even a bit surprised at some of the opportunities that are existing within our businesses.

I was kind of particularly struck by the strength and the customer reaction to the new Signature FBO network. Specifically, the kind of reaction I was getting was excitement, excitement over the possibilities of a uniformly good service experience, professionally delivered over a very broad network and also the opportunity to have our scale and the ability to bring unique economics to them and lower the total cost of flying. So, overall I'm very optimistic. My initial reactions are very positive. And I really do see a big future particularly for the network overall.

Q: How do the set of results reflect the new positioning of BBA Aviation?

WE This is a transitional year for us operationally where we would like to provide evidence for those of you who have invested in the businesses and our employees that we are really beginning to see the full value and the full potential that we see in the businesses. And I think we've done that.

The results that we saw in the first half provide a demonstration financially and also operationally that we can get good value out of all our businesses, and that frankly it is still early days in terms of the release of value. Let me give you a couple of examples.

We had strong growth in all three of our businesses, good cash flow, and an increase in return on invested capital. And we continued to deploy money, which will provide a foundation for the future.

**David Crook,
Group Finance Director**

Financials

Q: Can you take us through the headline numbers to these results?

DC: BBA Aviation performed well during the first half with strong underlying operating profit growth, up some 29% on the prior period to almost \$175 million. Most pleasing was also the fact there was contribution from all of the businesses across the BBA Aviation Group.

Our largest business, Flight Support, delivered \$160 million of underlying operating profit performance in the period. This was supported by an extra month of contribution from Landmark, the acquisition that completed in February 2016. In addition, we also saw underlying organic improvement in Flight Support with 12% operating profit growth in the period.

Aftermarket delivered \$26 million of operating profit in the period, more than double the performance we saw in the first half of 2016. This came with a contribution from the Ontic acquisitions made in 2016, which are delivering as expected, coupled with improvements in the underlying Ontic business.

On the ERO side we also saw year-over-year improvement. This represents stability following the improvement we saw in the second half of 2016. So with this overall performance we've seen the business deliver earnings per share growth, up by almost a third during the period. And this has supported an increase in the dividend of 5% taking us to \$0.0381 per share.

Q: And what about cash and the strength of the balance sheet?

DC: Yes, cash performance during the period we delivered free cash flow in excess of \$55 million. And this was against an outflow of almost \$30 million associated with the discontinued operations of our ASIG business. With that, that's led us to deleveraged position of 2.9 times net debt to EBITDA at the end of the half, so overall a strong performance from the business in terms of operating profit growth. And pleasing to see all businesses delivering across the BBA Aviation Group.

**Wayne Edmunds,
Interim Group Chief Executive**

Outlook

Q: What will you be focusing on as Interim CEO?

WE: I've jumped into this business in the middle of the year. The business which has got some really excellent work plans and frankly it's demonstrated by results are operating very, very effectively.

So really I think the key for me is to maintain that momentum to get into the mix where necessary on investment decisions and FBOs, on new licenses. To give David Crook an opportunity to have a coaching council on some of the new balance sheet and capital structure the work that we are doing. And also to get out with our customers and to get out with our investors to give them assurance that this is going to be a smooth transition.

Q: And is the process for reviewing BBA Aviation's capital structure is that process still on track?

WE: Yes, it's actually going very well. We've had the opportunity to have preliminary discussions with our Board of Directors recently, and David and I are on pace to have something ready for probably the results announcement for the year end 2017.

Q: What progress and what timescale is the Board working to for the appointment of a new CEO?

WE: The Board of Directors has appointed a search firm and the search has commenced. We are expecting that the entry process will commence near the end of summer or early fall, and conclude near the end of the year, of course, depending on the circumstances of some of the individual candidates involved.

Q: What's the outlook for the rest of the year?

WE: I think the outlook is very, very promising as evidenced by the first half results. We are expecting good growth for the remainder of 2017. We are doing all of the fundamentals. We continue to work on improving the operations, to continue to implement some of the transformational strategies that Simon and Mike have initiated. And we continue to see good prospects in terms of new FBO opportunities to expand our network and also new licenses in the Ontic businesses.