

Greenbriar Equity has sold the Composites division of EDAC Technologies to Meggitt PLC. Greenbriar purchased this division, formerly known as Parkway Aerospace & Defense, in 2013. Greenbriar retains its ownership of EDAC Technologies' metallic precision machining business. Below is the release issued by Meggit regarding this transaction.

Acquisition

Meggitt acquisition of the composites division of EDAC enhances presence in high growth composite components

Meggitt PLC ("Meggitt" or "the Group"), the leading international engineering group specialising in aerospace, defence and energy markets, has agreed to acquire the composites division of EDAC ("the Business"), formerly known as Parkway Aerospace & Defense, from Greenbriar Equity Group and other associated sellers for US\$340 million in cash.

The Business produces highly engineered aerospace components for jet engine and airframe applications, with over 85% of revenues in civil aerospace composites. Key customers include GE, Snecma and United Technologies.

The Business has a substantial presence, via multi-year long-term agreements, on high-growth jet engine platforms including the GENx, Pratt & Whitney PurePower family and LEAP engines.

The Business has sites in Erlanger (Kentucky), Cincinnati (Ohio) and two sites, one of which is a joint venture with UTC Aerospace Systems, in Saltillo, Mexico. The joint venture site focuses on the manufacture of secondary aerospace structures. The business has a combined workforce of 579.

Combined with the existing composite activities of Meggitt, this acquisition and the recently announced complementary acquisition of the advanced composites businesses of Cobham PLC will create a world-class franchise in high-growth niche composite components focusing on engine components, secondary structures, ice protection and radomes. The combined businesses put the Group in an excellent position to build on the increasing requirement for high-integrity composite components in aerospace markets.

The Business will be integrated into Meggitt Polymers & Composites (MPC), a division of Meggitt PLC.

Stephen Young, Group Chief Executive of Meggitt, commented:

"This business is a rare, scale player in civil engine and other composite parts. Like the complementary acquisition of the advanced composites businesses of Cobham plc for which the completion process is well underway, this decisively moves our composites strategy forward, and positions us strongly in this key growth area.

"Our product portfolio will be significantly enhanced by these composites acquisitions, and we will benefit from decades of expertise in the complex processes required to manufacture high-integrity composite components in volume. These capabilities will enable us to better address the increasing demand for composites, particularly around the engine and ancillary systems."

Revenues for the Business in 2015 are expected to be US\$104 million and the purchase price, adjusted to exclude the \$25 million present value of the tax asset acquired with the Business, implies a multiple of 12.5x 2016 estimated EBITDA. The transaction will, subject to the completion of standard documentation, be financed by the previously announced debt facilities which are being increased to \$600 million.

The acquisition, which is conditional on regulatory clearances including CFIUS and anti-trust, and other customary conditions, is expected to complete by the end of 2015.

As a result of the transaction, and in order to retain flexibility for further bolt-on acquisitions, the Meggitt Board of Directors has decided to suspend the buyback programme for the remainder of the financial year. The Board will continue to consider future cash returns to shareholders as part of the stated capital allocation policy.

Rationale and highlights of the transaction

- Adds critical intellectual property in manufacturing know-how and a significant level of sole-source content, consistent with Meggitt's business model.
- Contributes to the transformation of Meggitt's composites profile, which is designed to deliver leading positions on next generation aircraft in the attractive niches of engine composites, ice protection equipment and radomes.
- Majority of revenues in civil aerospace with a presence on high growth platforms and long-term agreements with three major aircraft engine-makers.
- High quality facilities with scope for further improvement and expansion.
- Accretive in year one with a targeted net cost synergy run rate exceeding \$6m by the end of year three. The up-front cost to achieve these synergies is estimated to be \$4.8m.
- Strong profitability with potential to improve through the implementation of the Meggitt Production System, the Group's operational excellence programme.

Further information

- Gross assets subject to this transaction (as of the unaudited balance sheet dated 27th June 2015) are \$188.7m. This includes the tax asset with a net present value of \$25m, which will be realised over a 13 year period.
- Revenue and underlying EBITDA attributable to the assets subject to this transaction were \$89.9 million and \$19.8 million respectively in full-year 2014.

There will be a call for analysts and investors at 0900 hrs today.

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A replay facility will be available for seven days.

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Editor's notes

Meggitt PLC

Meggitt PLC is a leading international engineering group specialising in aerospace, defence and energy markets with a consistent record of strong financial performance. Meggitt's goal is to increase and strengthen its presence in long term growth markets through proprietary product development reinforced by strategic acquisitions and investment in people and facilities. Meggitt's well-balanced portfolio offsets variation in demand from the market niches within which it operates.