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Meggitt PLC - Third quarter trading statement

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Meggitt PLC
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Meggitt PLC - Third quarter trading statement and outlook for full year 2021

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 for the third quarter ended 30 September 2021 and outlook for the full year.

All figures and growth rates are presented on an organic basis unless otherwise stated.

Summary

- Good order intake, with year to date book to bill of 1.03x in Civil Aftermarket and 1.19x in Energy
- Group revenue up 5% in the third quarter; strong growth in Civil Aftermarket up 44% year on year and up 12% sequentially
- Continuation of first half trends in Defence with revenue 12% lower in the quarter
- Strong cash performance reflecting tight management of working capital and lower capex
- Supply chain disruption and softer defence constrain third quarter profit and full year outlook
- Recommended offer by Parker-Hannifin approved by shareholders on 21 September 2021

Tony Wood, Group CEO, commented:

"We are pleased to have delivered another period of sequential Group revenue improvement. Within this, the continued recovery in civil aerospace is encouraging with further positive signs emerging. However, the trends we saw during the first half in defence have continued in the third quarter.

During the period, we have experienced the effects of the well documented global supply chain disruption. Thanks to the performance of our teams we have managed to partially mitigate this; but these headwinds, combined with lower defence revenue, have constrained Group profitability.

While forecasting the pace and shape of the civil aftermarket recovery remains difficult, looking further ahead, our strong technology, leading market positions and diverse end market exposure underpin our confidence as the recovery in civil aerospace strengthens."

Group third quarter performance

The revenue performance of the Group in the third quarter reflects the trends seen across our end markets with Group revenue up 5% year-on-year and up 4% sequentially.

Civil aerospace revenue grew by 29% in the period, with Civil OE up 10% and strong aftermarket growth of 44%. Sequentially, Civil OE and Civil aftermarket revenue grew by 4% and 12% respectively.

Defence revenue was 12% lower, reflecting a reduction in orders from the US Defense Logistics Agency and longer lead times in the supply chain.

In Energy, conditions in our end markets remained stable. The prospects for our energy business remain good, underpinned by a robust order book and a number of customer order wins during the period.

We are making good progress with the transition to Ansty Park, with customer approvals scheduled for the fourth quarter.

[Quarterly organic revenue growth rates 2021](#)

	Year-on-year	Sequential
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	Q1	Q2	Q3	Q2 vs Q1	Q3 vs Q2
Civil OE	-46%	+3%	+10%	+5%	+4%
Civil AM	-46%	+10%	+44%	+31%	+12%
Defence	-10%	-7%	-12%	+2%	0%
Energy	0%	+7%	-3%	+8%	+5%
Other	-7%	-15%	-13%	-2%	-19%
Group	-29%	0%	+5%	+10%	+4%

Outlook for the full year 2021

While we are pleased to see signs of the civil recovery across our business, the supply chain disruption and the softer defence trends we have experienced in the third quarter are expected to continue throughout our historically strongest, fourth quarter. For the full year, we now expect the Group to deliver:

- Revenue around 5% lower than 2020 on an organic basis
- Underlying operating profit to be in a range of £170m to £190m
- Positive free cash flow

Although we face headwinds in the short-term, the underlying fundamentals of the business remain strong.

END

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(s):

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