

4 March 2010

The most important thing we build is trust



AVIONICS AND SURVEILLANCE DIVISION
End to End avionics and covert surveillance solutions



DEFENCE SYSTEMS DIVISION
Critical technologies for network-centric operations



MISSION SYSTEMS DIVISION
Life Support and Mission Equipment for Land, Marine and Air



AVIATION SERVICES DIVISION
Operates, modifies and maintains more than 150 fixed and rotary wing aircraft around the world

2009 Preliminary Results



Agenda



-
- Introduction

Andy Stevens
Chief Executive Officer

- Financial Results

Warren Tucker
Chief Financial Officer

- Business Review

Andy Stevens

- Q&A

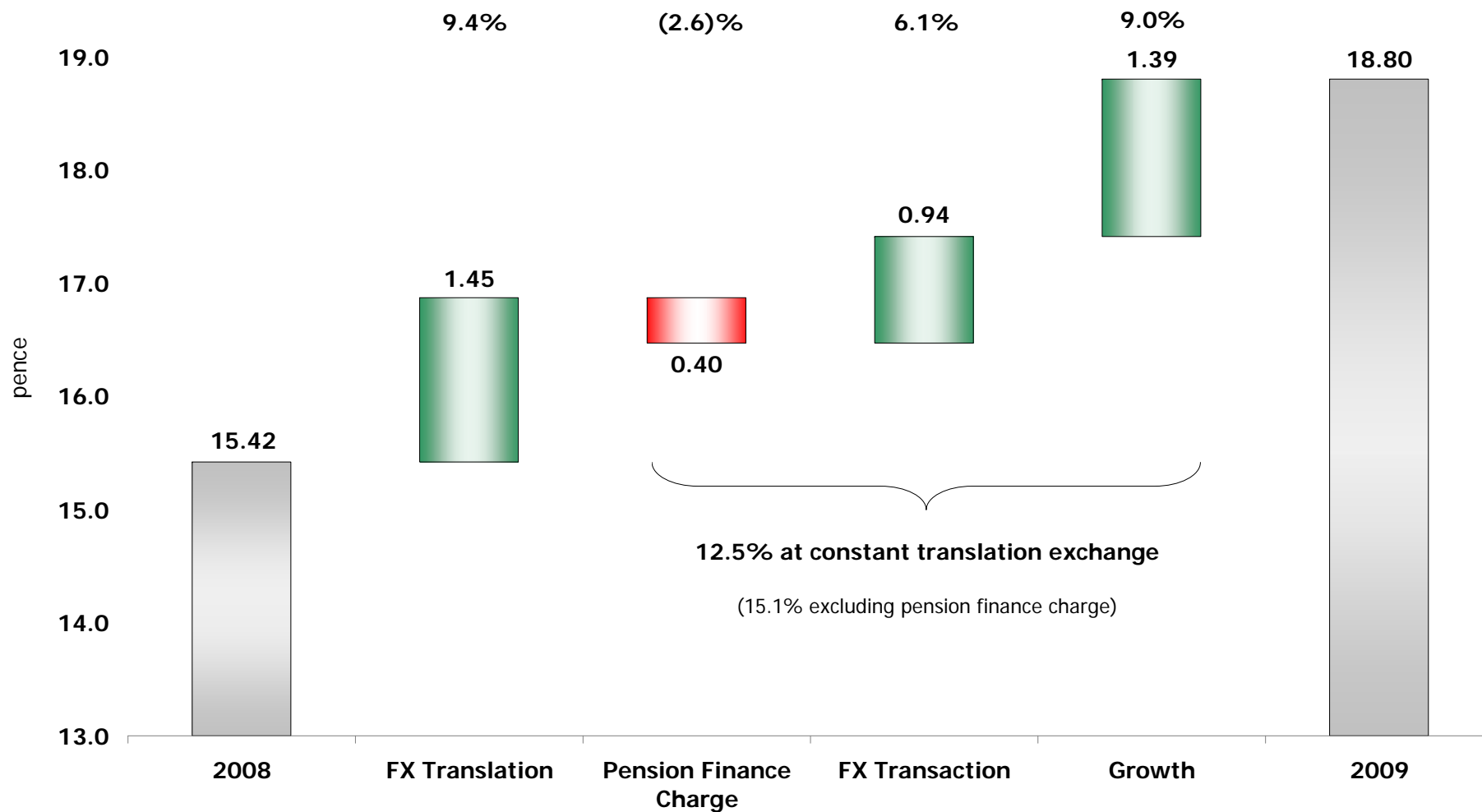
Summary Profit and Loss Account



	Year to 31/12/08 £m	Year to 31/12/09 £m	Growth
Revenue	1,466.5	1,880.4	28.2%
Trading Profit	251.6	337.0	33.9%
Margin	17.2%	17.9%	0.7pts
Underlying Profit before Taxation	243.8	295.3	21.1%
Underlying Earnings Per Share	15.42p	18.80p	21.9%
PV Spend % *	5.3%	5.3%	0.0pts

Note: See Appendix for definitions, including underlying, used throughout this presentation. * Restated due to SPARTA

Earnings Per Share Growth



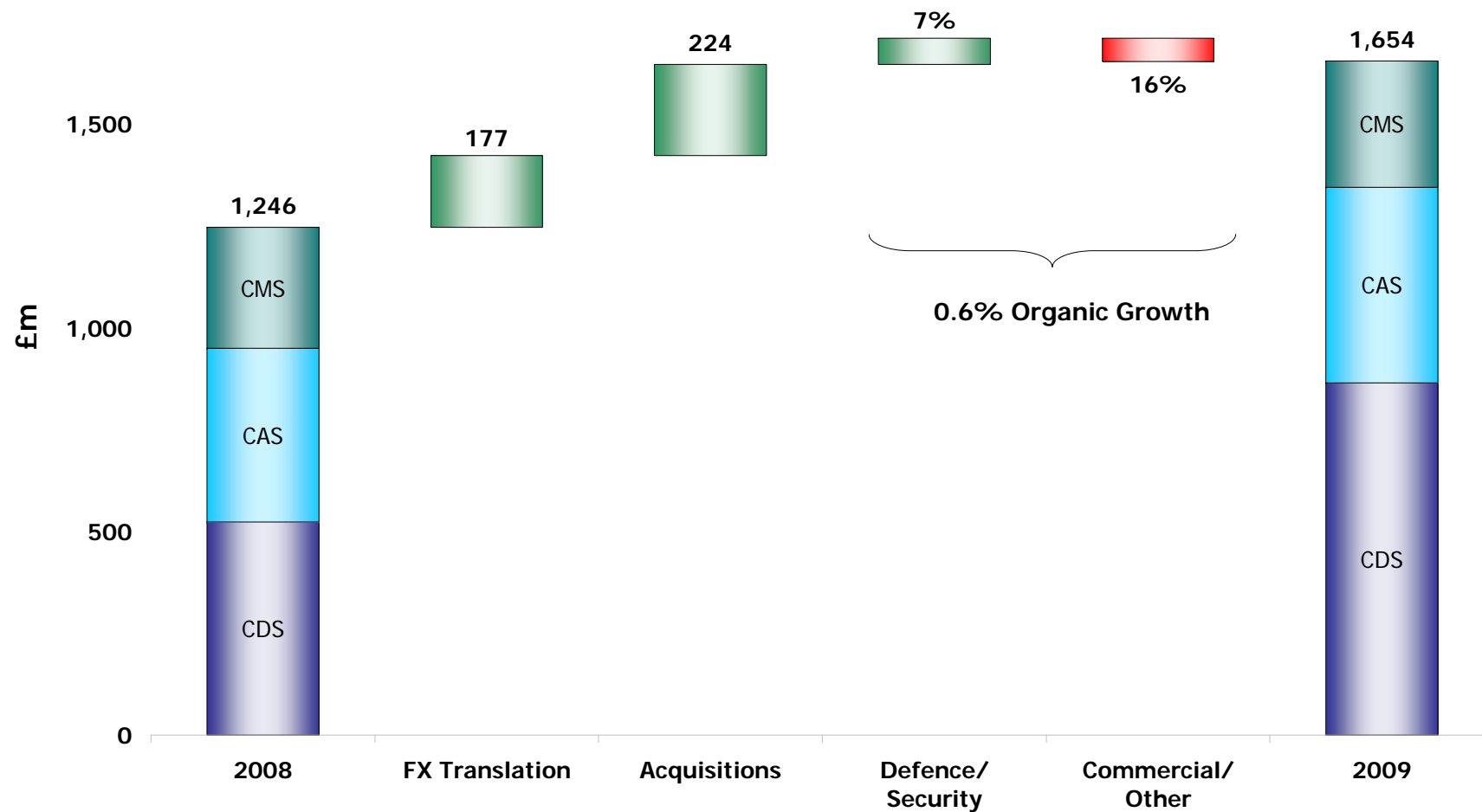
Cash Flow



	Year to 31/12/08 £m	Year to 31/12/09 £m	Growth
Trading Profit (ex. JV)	245.6	330.9	34.7%
Operating Cash Flow	260.5	293.2	12.6%
Operating Cash conversion	106.1%	88.6%	(17.5)pts
Free Cash Flow from Business	202.9	213.6	5.3%
Decrease/(Increase) in Net Debt	(719.2)	228.7	
Dividend per Share	4.95p	5.45p	10.0%

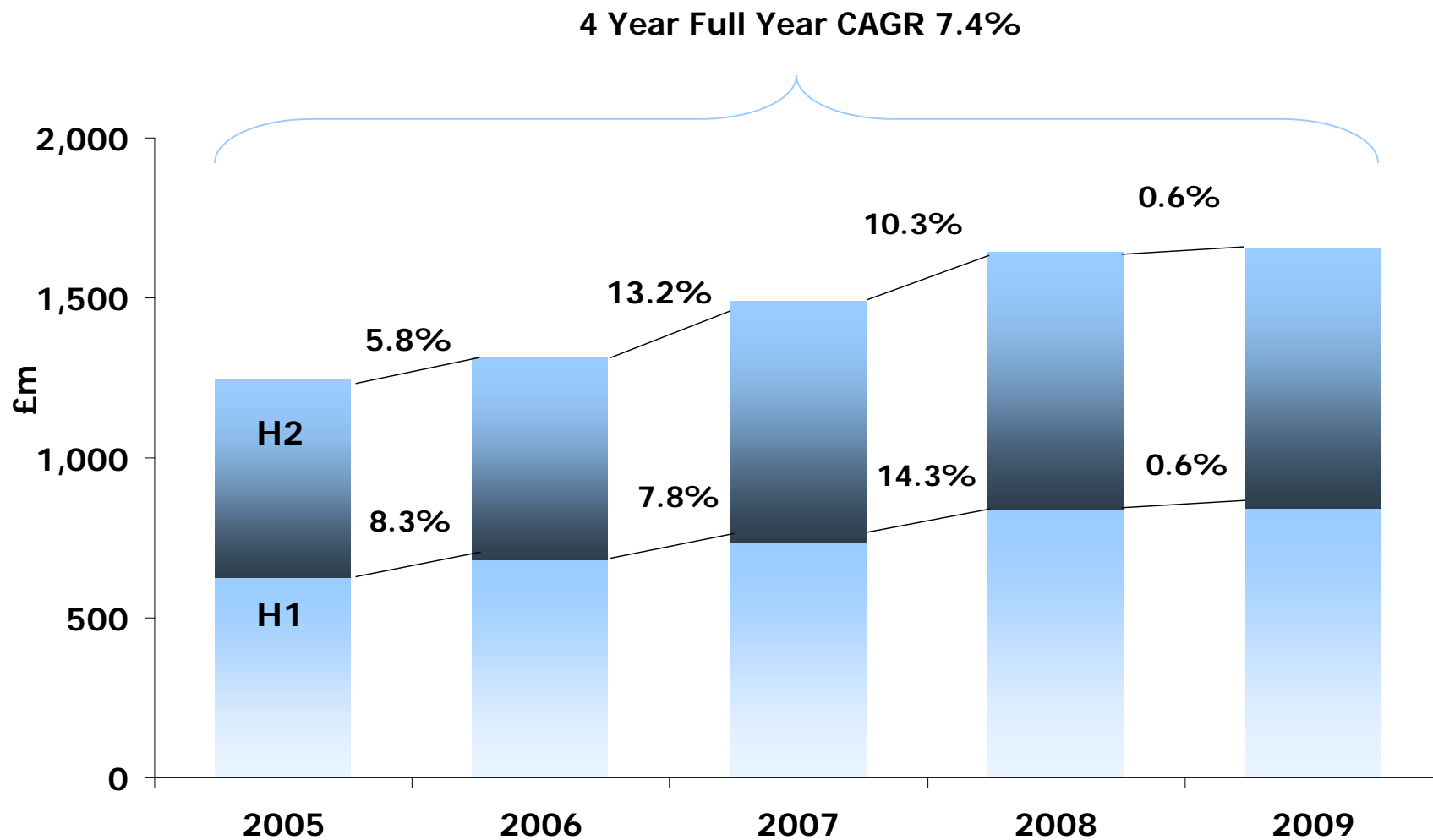
Net Debt £412.6m, Net debt:EBITDA 1.0x

Technology Divisions' Revenue Growth



CDS: Cobham Defence Systems, CAS: Cobham Avionics and Surveillance, CMS: Cobham Mission Systems

Technology Divisions' Organic Revenue Growth Cycle Over the Medium Term

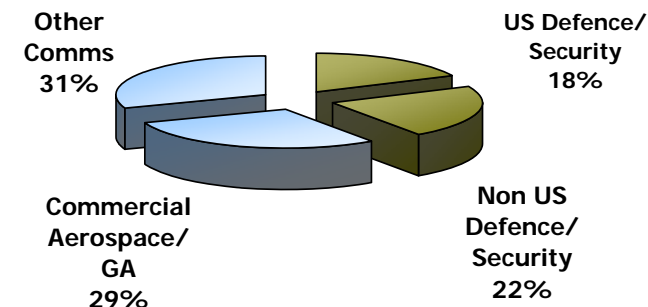


Excludes FX, Acquisitions and Disposals. 2005, 2006, 2007 and 2008 are proforma numbers for illustration purposes

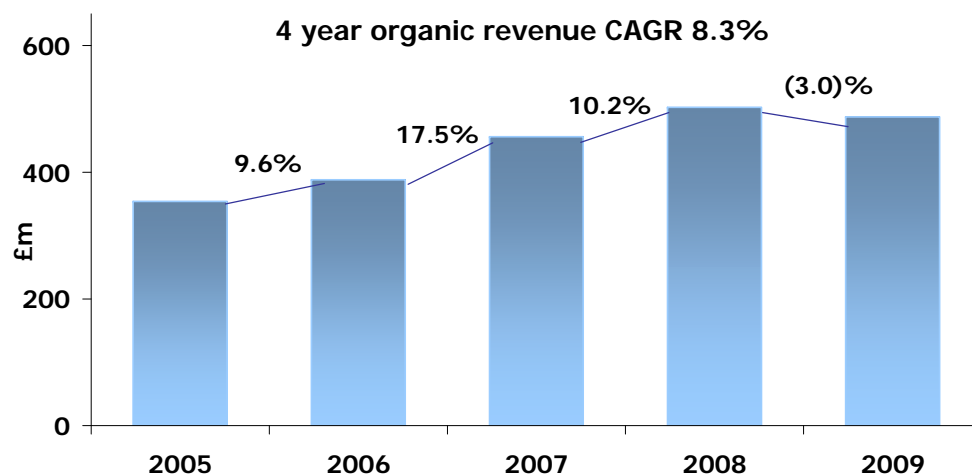
Cobham Avionics and Surveillance



	2008	Acq Mix / Exchange	Organic Growth	2009
Revenue £m	432.8	67.3	(12.8)	487.3
Trading Profit £m	71.7			84.6
Margin	16.6%	0.2pts	0.6pts	17.4%



**40% revenue defence/security
37% US revenue**



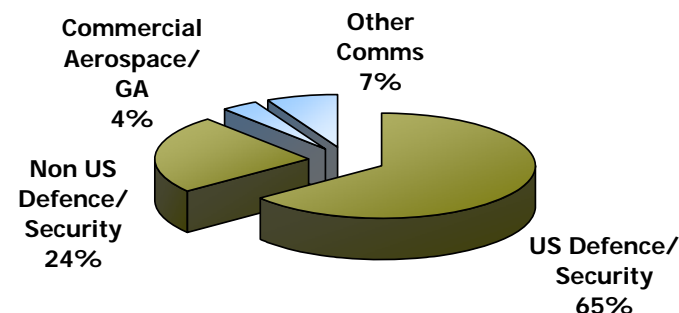
Excludes FX, Acquisitions and Disposals. 2005, 2006, 2007 and 2008 are proforma numbers for illustration purposes

- Strong demand for surveillance equipment across defence, national security and law enforcement
- Downturn in avionics and parts of SATCOM
- Selection by Airbus for single aisle and long range SATCOM antennas
- Cockpit avionics selected for 30 Bell 407 helicopters for Iraqi Army

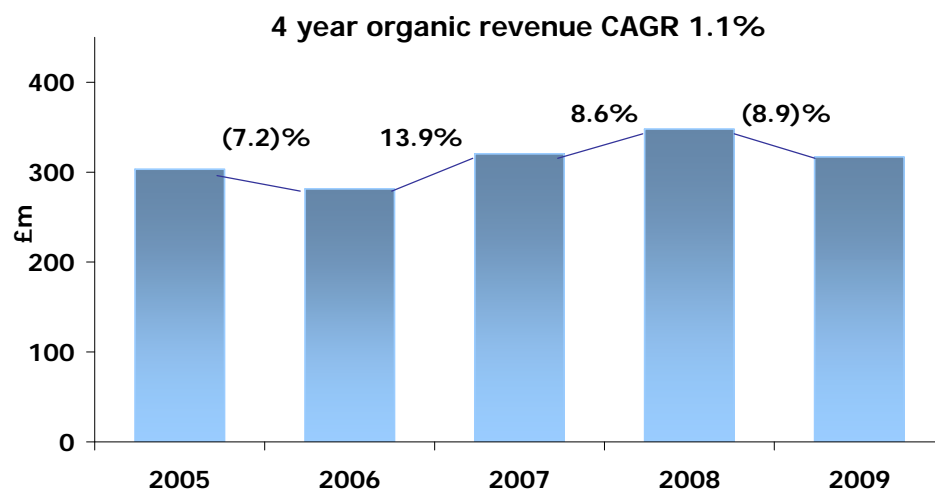
Cobham Mission Systems



	2008	Exchange	Organic Growth	2009
Revenue £m	302.0	41.9	(26.9)	317.0
Trading Profit £m	52.2			56.8
Margin	17.3%	0.2pts	0.4pts	17.9%



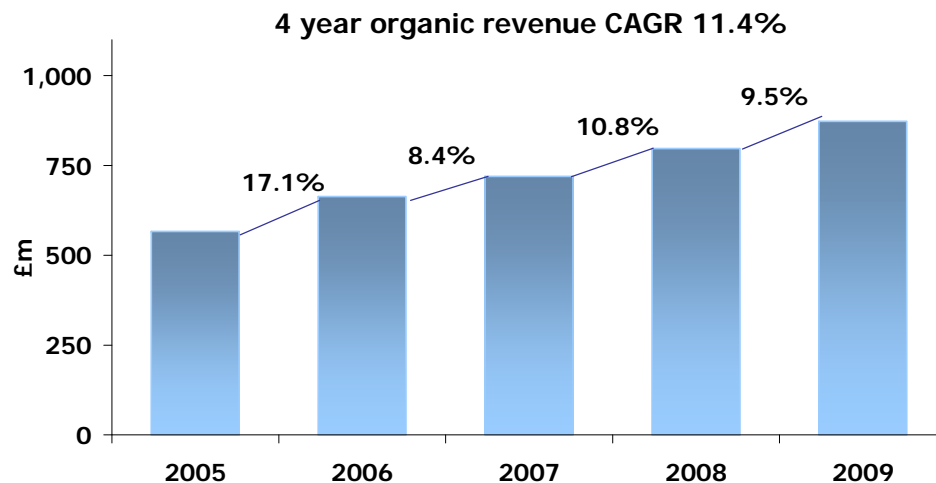
**89% revenue defence/security
73% US revenue**



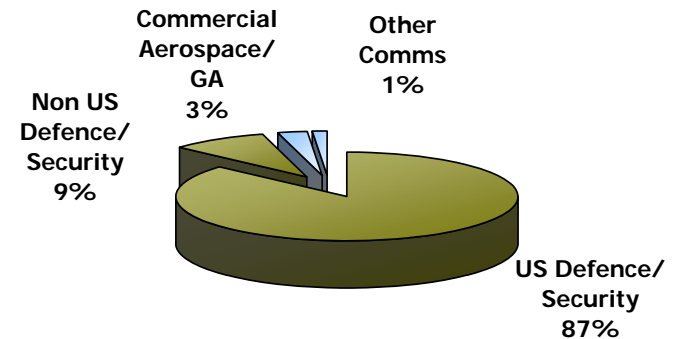
Excludes FX, Acquisitions and Disposals. 2005, 2006, 2007 and 2008 are proforma numbers for illustration purposes

- Successful wet contact trials for A330 MRTT – initial Saudi & UAE orders
- Qualification and delivery of flight test hardware for Boeing 787 On Board Inert Gas Generating System – 15 systems ordered for C-17
- Completion of Personal Locator Beacon contract for military – good potential
- US\$110m IDDQ contract for Air Warrior microclimate cooling - first aftermarket order received

	2008	Acq Mix / Exchange	Organic Growth	2009
Revenue £m	529.3	293.3	50.4	873.0
Trading Profit £m	105.2			164.4
Margin	19.9%	(3.8)pts	2.7pts	18.8%



Excludes FX, Acquisitions and Disposals. 2005, 2006, 2007 and 2008 are proforma numbers for illustration purposes

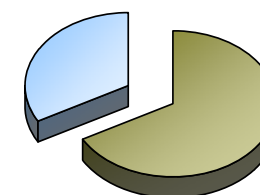


**96% revenue defence/security
87% US revenue**

- Multiple production contracts for Low Band Transmitters which disrupt enemy radar and communications
- Initial US Navy contracts for SEWIP and InTop programmes
- Initial production contracts on AARGM, AMRAAM & Standard Missile
- Delivery of antennas for multiple US ground vehicles & unmanned systems
- Awarded 10 year US\$1.2bn IDIQ contract for VIS-X contract

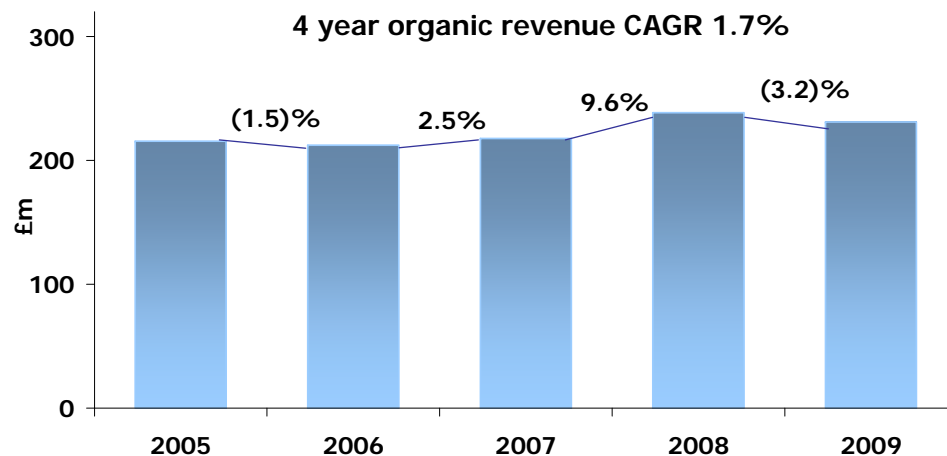
	2008	Exchange	Organic Growth	2009
Revenue £m	221.9	16.1	(7.1)	230.9
Trading Profit £m	24.8			31.3
Margin	11.2%	(0.4)pts	2.8pts	13.6%

Commercial Aerospace/ GA
33%



Non US Defence/ Security
67%

67% revenue defence/security
30% UK revenue, 60% Australia



- Increased rate of effort on Sentinel border protection programme - additional contracts worth AUD\$43m
- Resource industry and air freight contracts worth AUD\$360m – less profitable contracts shed
- £18m MFTS contract for aircraft modification and maintenance
- Increased activity on large military aircraft maintenance and EW training

Excludes FX, Acquisitions and Disposals. 2005, 2006, 2007 and 2008 are proforma numbers for illustration purposes

-
- Good growth in military and security businesses with the Defence Systems Division and Surveillance business achieving double digit organic growth
 - Difficult conditions in commercial markets
 - Integration of M/A-COM and Lansdale completed; strong results from Lansdale, SPARTA and M/A-COM acquisitions
 - Underlying EPS growth of 22%; 13% at constant currency translation
 - £214m of free cash flow and operating cash conversion at 89%; gearing of 1.0 times net debt/EBITDA
 - Final dividend increased 10% to 3.97p; full year payment up 10% to 5.45p

Agenda



-
- Introduction

Andy Stevens
Chief Executive Officer

- Financial Results

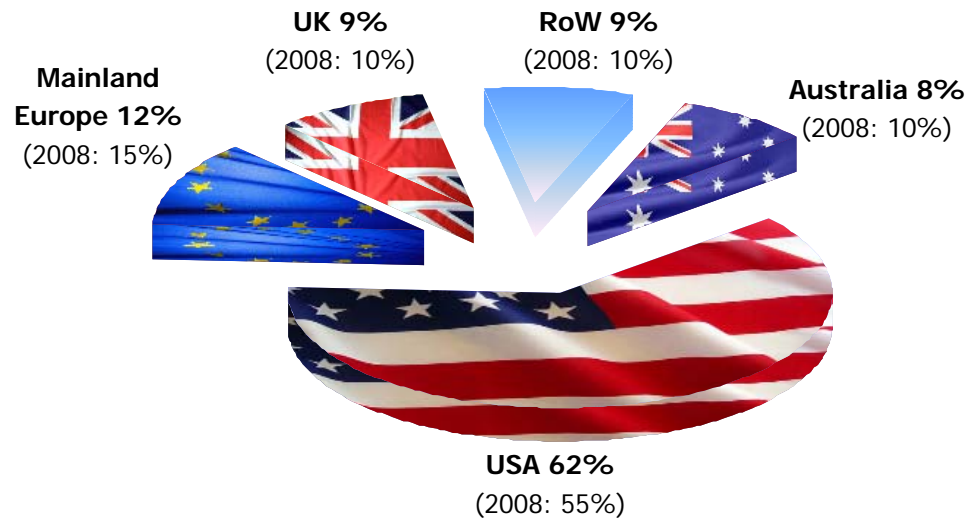
Warren Tucker
Chief Financial Officer

- Business Review

Andy Stevens

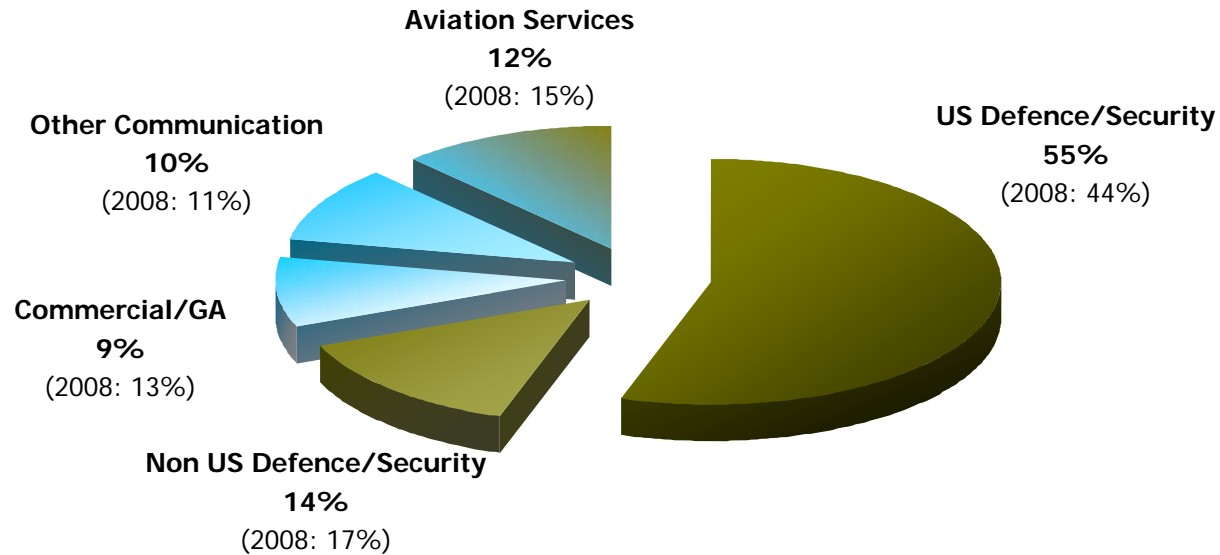
- Q&A

Cobham Today – Revenue By Destination



- USA will remain biggest market in the medium term
- Long term positions in the Europe on defence, security and commercial programmes
- Aviation Services contracts in Australia run to 2019
- New legal entity established in India to support growth

62% Group revenue from the USA



- At the heart of C4ISR moving information between sensors and decision makers
- Market leading air-to-air refuelling capabilities
- Platform complexity and focus on safety increasing
- Long term positions on important new commercial platforms
- Core capability in satellite communication
- Focusing on aftermarket opportunities

77% Group revenue from defence & security contracts

US QDR and FY2011 Budget Focus on C4ISR Favours Cobham



- **Major Themes**

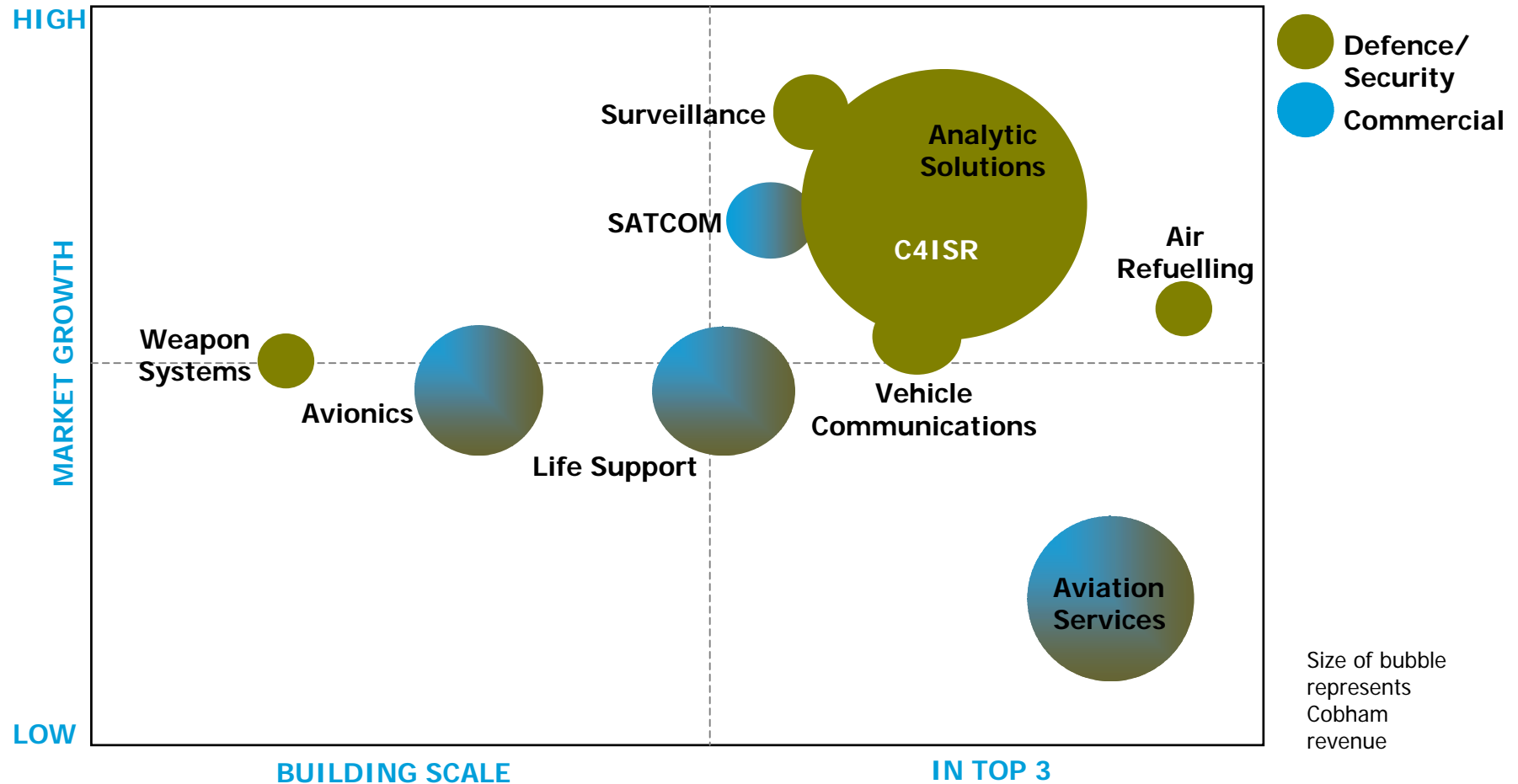
- Prevail in today's wars
- Prevent & deter conflict
- Prepare to defeat adversaries & succeed in wide range of contingencies
- Preserve and enhance the All Volunteer Force

- **Key mission areas**

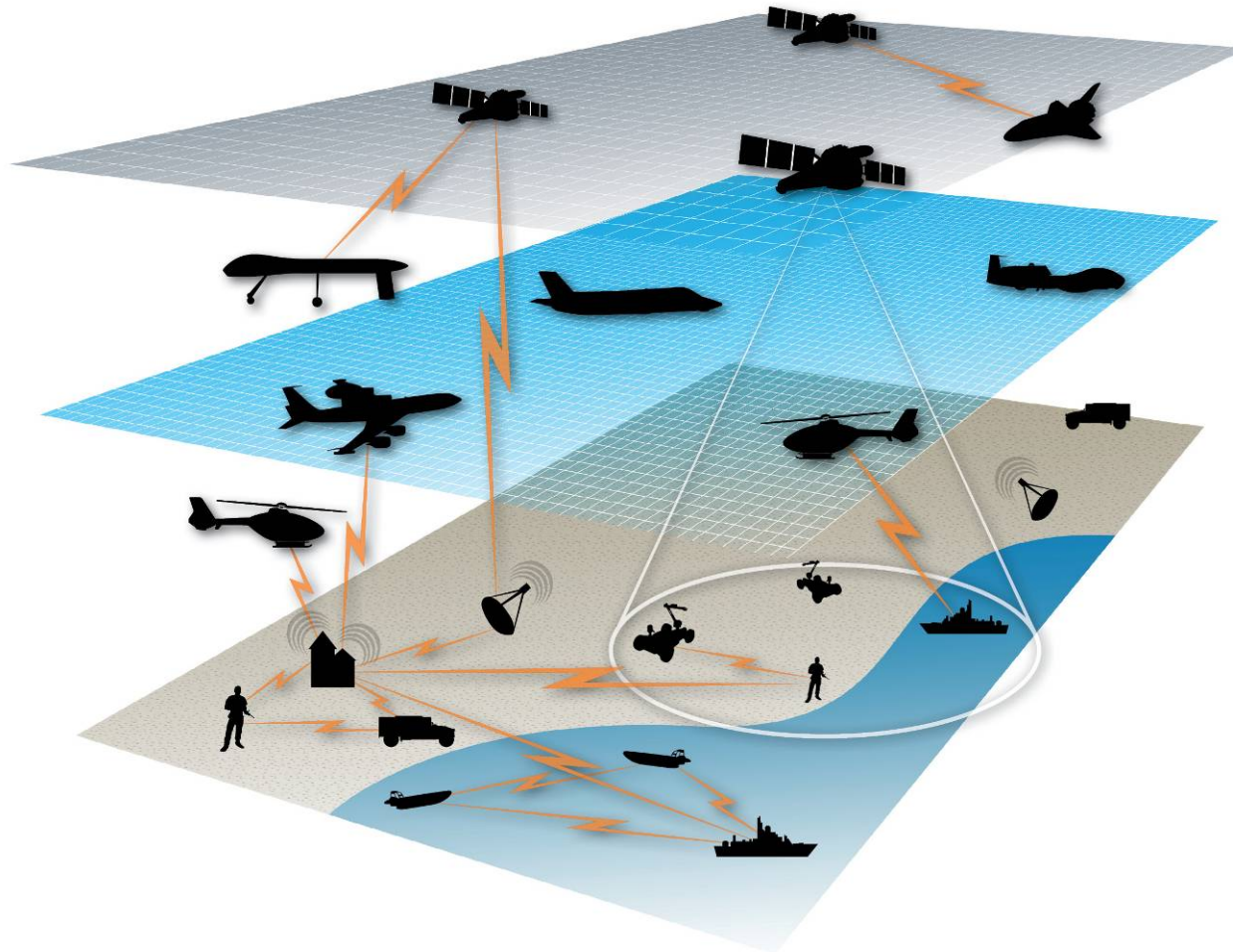
- Defend US and support civil authorities at home
- Succeed in counterinsurgency, stability, & counterterrorism ops
- Build security capacity of partner states
- Deter & defeat aggression in anti-access environments
- Prevent proliferation and counter weapons of mass destruction
- Operate effectively in cyberspace

Many of the QDR mission areas align with Cobham's capabilities

Strengthening Market Positions



Cobham's C4ISR capabilities have grown organically and through acquisition



- Cobham's equipment enables the rapid, secure and resilient movement of voice, video and data between 'sensors' and decision makers
- Many sensors, huge volumes of information to move
- Lots of users to keep safe
- Equipment footprint and weight remain critical – satellites, fighters and UAS are the most expensive real estate in the world

Cobham technology is critical to new and upgraded air, land and marine platforms

- **Electronic warfare and counter IED capabilities**
 - ALQ-99 jamming pod on the EA-6B and EA-18G aircraft with low band transmitter jamming, detecting and direction finding signals
- **Command and video links for unmanned aerial vehicles (UAVs)**
 - Supplying data links for Predator and Global Hawk - new Predator terminal developed with PV funding
- **Special forces operations**
 - Increasing demand for satcom and surveillance equipment in theatre
- **Cyberspace**
 - Providing expertise and tools for network and information assurance
- **Investing in next generation equipment**
 - Wireless Network after next (WNaN) could revolutionise communications

US procurement plus research budget of US\$190bn gives room for growth

-
- Started to get our people facing in the same direction, moving at the right speed
 - Continuing to focus on the development of existing and new talent
 - Business review will consider how:
 - Further synergies and cost efficiencies can be extracted
 - Future integration and standardisation savings should be invested
 - To refine our portfolio towards the areas where we have the greatest competitive advantage and opportunities for growth
 - The appropriate focus of acquisitions

Strategy is sound, but there will be some shifts in emphasis

-
- Double digit organic growth in defence and security businesses – decisive action taken to remove costs in areas affected by the commercial downturn
 - US QDR and FY2011 budget focus on C4ISR is positive for Cobham – room for growth
 - Positions on long term programmes afford excellent revenue visibility and leading edge technologies provide critical capabilities in areas of key defence priority
 - Competitive advantages and positions in the national security market and in faster growing geographies give confidence of continuing progress over the medium term
 - Going to build on acquisition and facility integration - beginning to standardise operations

Focused on harnessing the potential of the Group – building on a sound base

COBHAM

-
- IR calendar
 - Key Performance Indicators
 - Ship set values
 - US DoD Investment Spending
 - Surveillance and mesh network capability example
 - Shareholder returns
 - Cash flow summary
 - Revenue & profit
 - Technology divisions' revenue & trading profit growth
 - Foreign exchange transaction exposure
 - US\$/£ translation exchange rates
 - Exceptional profits from portfolio restructuring
 - Reconciliation of IFRS to Underlying Result
 - Definitions & glossary
 - Cautionary statement

		2010											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Announcements				▲ 4 Preliminary Results		▲ 6 AGM & Interim Management Statement			▲ 5 Interim Results			▲ 3 Interim Management Statement	
Investor Days								▲ 1 (TBC)					

Key Performance Indicators



	Full Year 2006 £m	Full Year 2007 £m	Full Year 2008 £m	Full Year 2009 £m
Technology Divisions Organic Revenue Growth	5.8%	13.2%	10.3%	0.6%
EPS Growth (constant translation)	10.7%	15.9%	13.1%	12.5%
Operating Cash Conversion	84.3%	81.1%	106.1%	88.6%
PV Spend % *	5.1%	5.2%	5.3%	5.3%

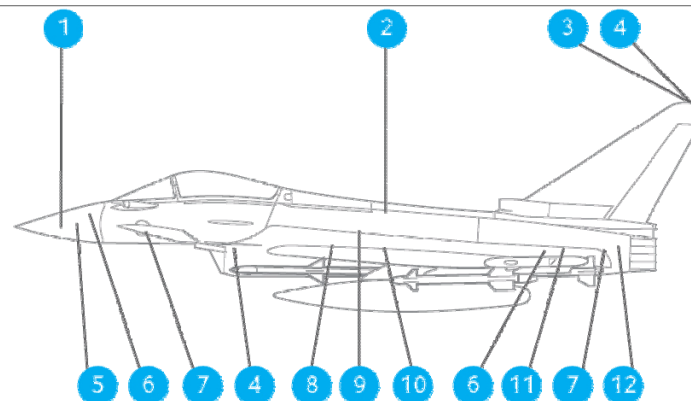
Defence/Security	↑ 7%
Commercial	↓ 16%
	↑ 0.6%

* PV has been restated on a proforma basis for the impact of Cobham Analytic Solutions, formerly SPARTA and Argotek

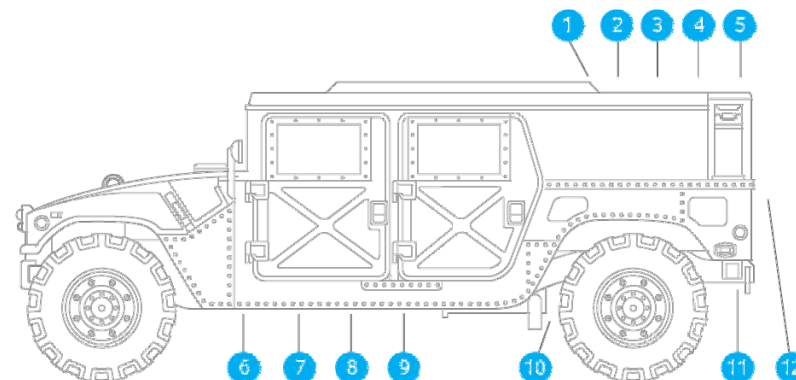
Ship Set Values



Programme / Platform		2010	2012	2014	Ship Set Values US\$
Military Fast Jets/ Trainers	F16	X	X	X	\$1,100k
	F/A 18 E/F/G	X	X	X	\$800k - \$2,800k
	F22	X	X	X	\$1,400k
	F35	X	X	X	\$1,000k
	Eurofighter Typhoon	X	X	X	\$1,500k
	Hawk	X	X	X	\$600k
	T50	X	X	X	\$190k
	Gripen	X	X	X	\$175k - \$760k
Medium / Large Military	Rivet Joint	X	X	X	\$4,350k
	A330	X	X	X	\$3,000k
	C17	X	X	X	\$600k
	C130 / KC130	X	X	X	\$470k - \$3,300k
	C-160	X	X	X	\$420k
	ASTOR Sentinel R	X	X	X	\$520k
UAV / Missiles	B2	X	X	X	\$1,360k
	Predator	X	X	X	\$300k
	AMRAAM	X	X	X	\$220k
Commercial	Global Hawk	X	X	X	\$2,030k
	EC120	X	X	X	\$190k
	Apache	X	X	X	\$200k
	V22	X	X	X	\$1,000k
Land	A380	X	X	X	\$220k
	B787	X	X	X	\$150k
Land	EDG 1000	X	X	X	\$4,200k
	Aegis DPYIDV	X	X	X	\$2,200k
	Light Vehicle	X	X	X	\$100k
	Armoured Fighting Vehicle	X	X	X	\$85k
	Tanks	X	X	X	\$80k

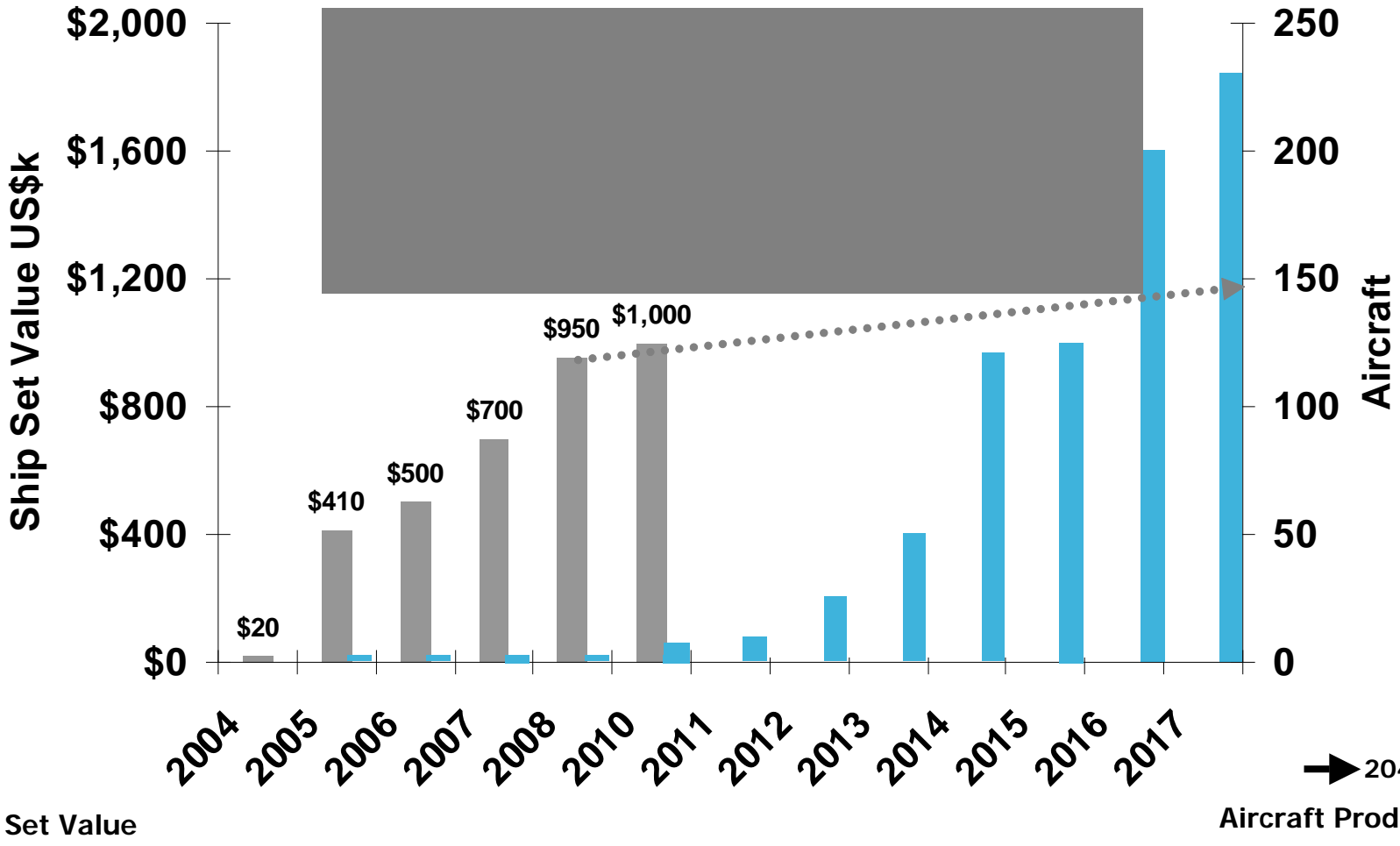


Cobham has the following equipment on the Eurofighter Typhoon: **1** Nose Radome **2** Controlled Reception Pattern Array radar antenna and radome **3** Fin cap radome **4** Communications antenna **5** Microwave rotary joints, flexible waveguide and filter **6** Indication Friend or Foe antenna **7** Microwave Landing System antenna **8** Missile Eject Launcher **9** Microwave Landing System filter units **10** Auxiliary Fuel Tank ejection unit **11** Heavy and light duty Ejector Release Units **12** Brake Parachute release unit.



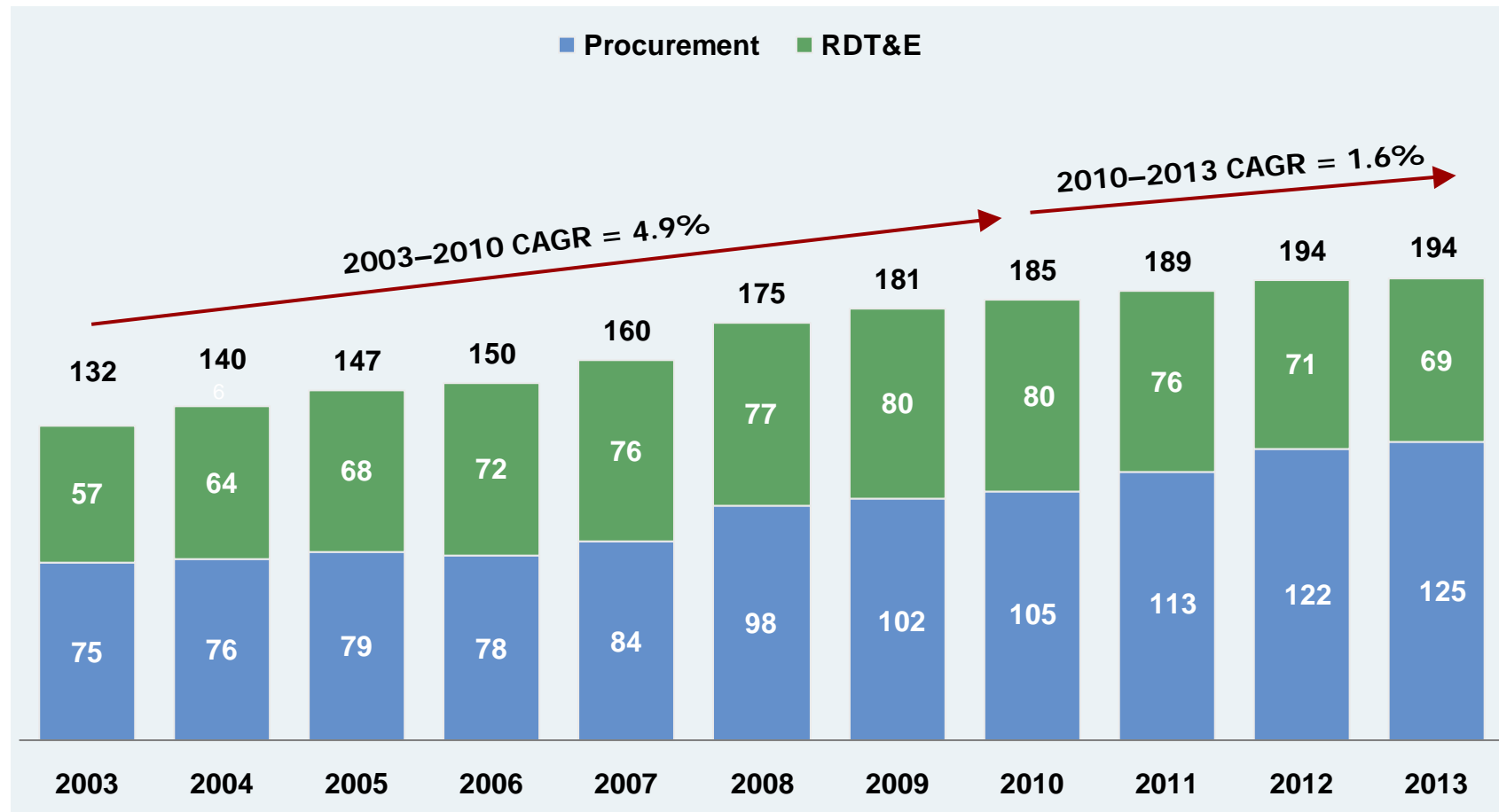
Cobham can offer the following on the HMMWV or light vehicle: **1** Communications Antenna **2** Air Traffic Control System (when fitted) **3** Electronic Warfare Antenna **4** Broadband Radio for data and voice **5** High Gain Tactical Satellite Communications Antenna **6** Crew Restraint Systems **7** Gunner Restraint Systems **8** Crew Microclimate Cooling Unit **9** Vehicle Intercom System **10** Tactical Satellite Communications Antenna **11** Ku-Band SATCOM On The Move Antenna **12** Telescopic Tactical Antenna Mast.

Increasing Ship Set Value on F-35



Estimated >3,000 aircraft to be produced - Cobham ship set value still increasing

US DoD Investment Spending \$Bn



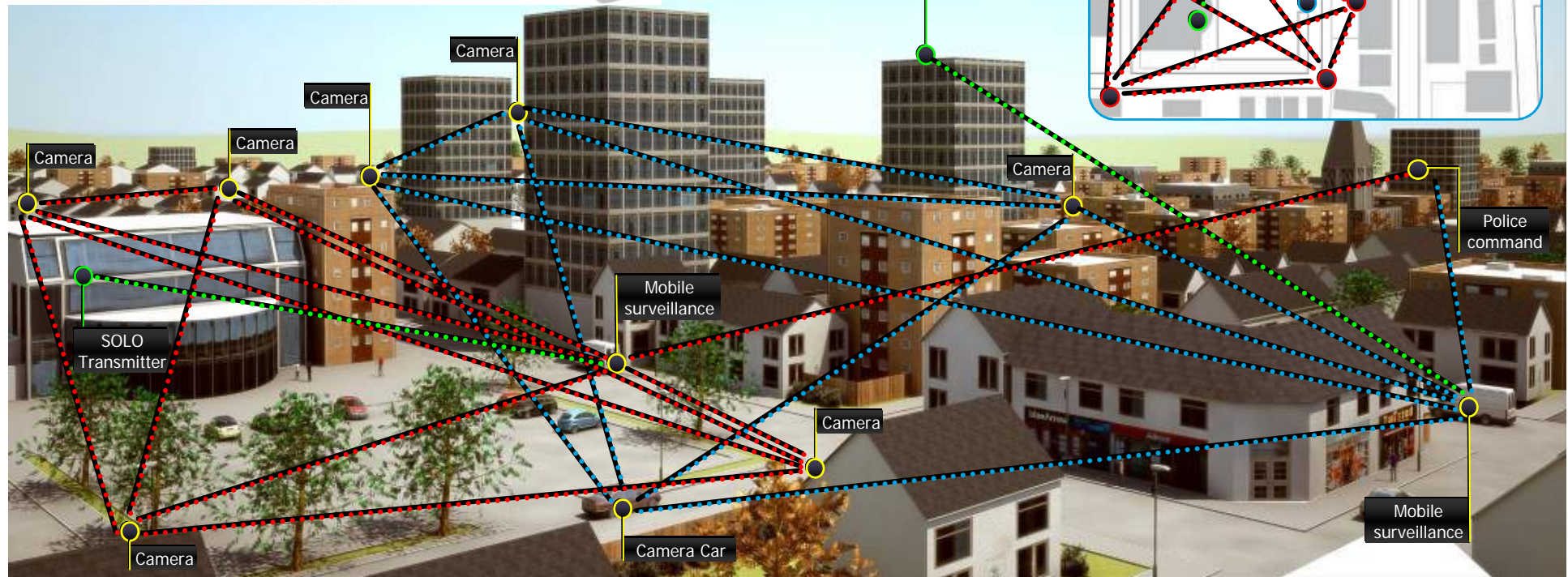
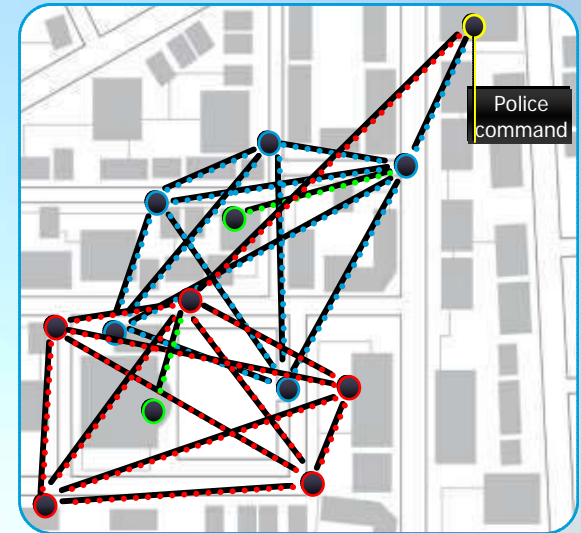
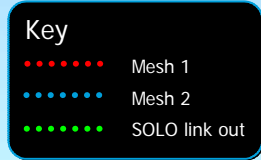
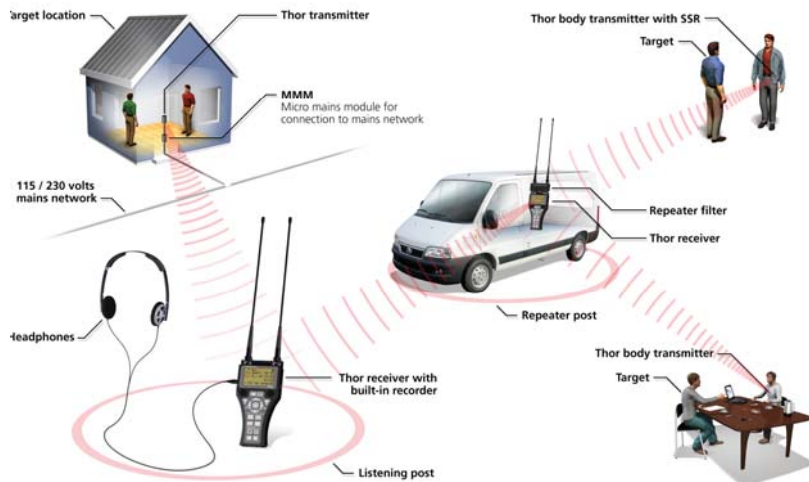
Source: National Defense Budget Estimates for FY 2011, FY2010 and FY2009 ("Green Book")

Note: All years exclude supplementals

Note: Figures represent discretionary outlays expressed in current prices

Source: JP Morgan

Surveillance and Mesh Network Capability Example



Shareholder Returns



	Year to 31/12/08	Year to 31/12/09	Growth
Underlying Tax Rate	28.7%	27.8%	
Earnings Per Share			
Underlying	15.42p	18.80p	21.9%
Basic	8.38p	16.26p	
Diluted	8.34p	16.17p	
Dividend Per Share	4.95p	5.45p	10.0%
Free Cash Flow Per Share	17.83p	18.70p	4.9%

Cash Flow Summary



	Year to 31/12/08 £m	Year to 31/12/09 £m
Trading Profit (excluding joint ventures)	245.6	330.9
Depreciation and other movements	34.5	47.8
Decrease/(Increase) in working capital and provisions	35.4	(8.2)
Net Capital expenditure	(55.0)	(77.3)
Operating cash flow	260.5	293.2
Taxation paid	(58.2)	(31.2)
Dividends received from JVs	8.9	5.2
Interest and Other	(8.3)	(53.6)
Free cash flow	202.9	213.6
Dividends paid	(52.7)	(58.3)
Acquisition payments less disposal proceeds	(616.6)	(32.2)
Movements in funding and exchange movements	(252.8)	105.6
Decrease/(increase) in net debt	(719.2)	228.7
Net Debt	641.3	412.6
Net Debt : EBITDA	1.9	1.0

Revenue and Profit



£m	Year to 31/12/08	Year to 31/12/09	Growth	Year to 31/12/08	Year to 31/12/09	Growth
Technology Divisions	1,245.6	1,653.7	32.8%	229.1	305.6	33.4%
<i>Margin</i>				<i>18.4%</i>	<i>18.5%</i>	
Cobham Aviation Services	221.9	230.9	4.1%	24.8	31.3	26.2%
<i>Margin</i>				<i>11.2%</i>	<i>13.6%</i>	
Operating Divisions	1,465.6	1,879.6	28.2%	253.9	336.9	32.7%
Head Office and Other businesses	0.9	0.8		(2.3)	0.1	
Cobham Group	1,466.5	1,880.4	28.2%	251.6	337.0	33.9%
<i>Margin</i>				<i>17.2%</i>	<i>17.9%</i>	

Technology Divisions' Revenue and Trading Profit



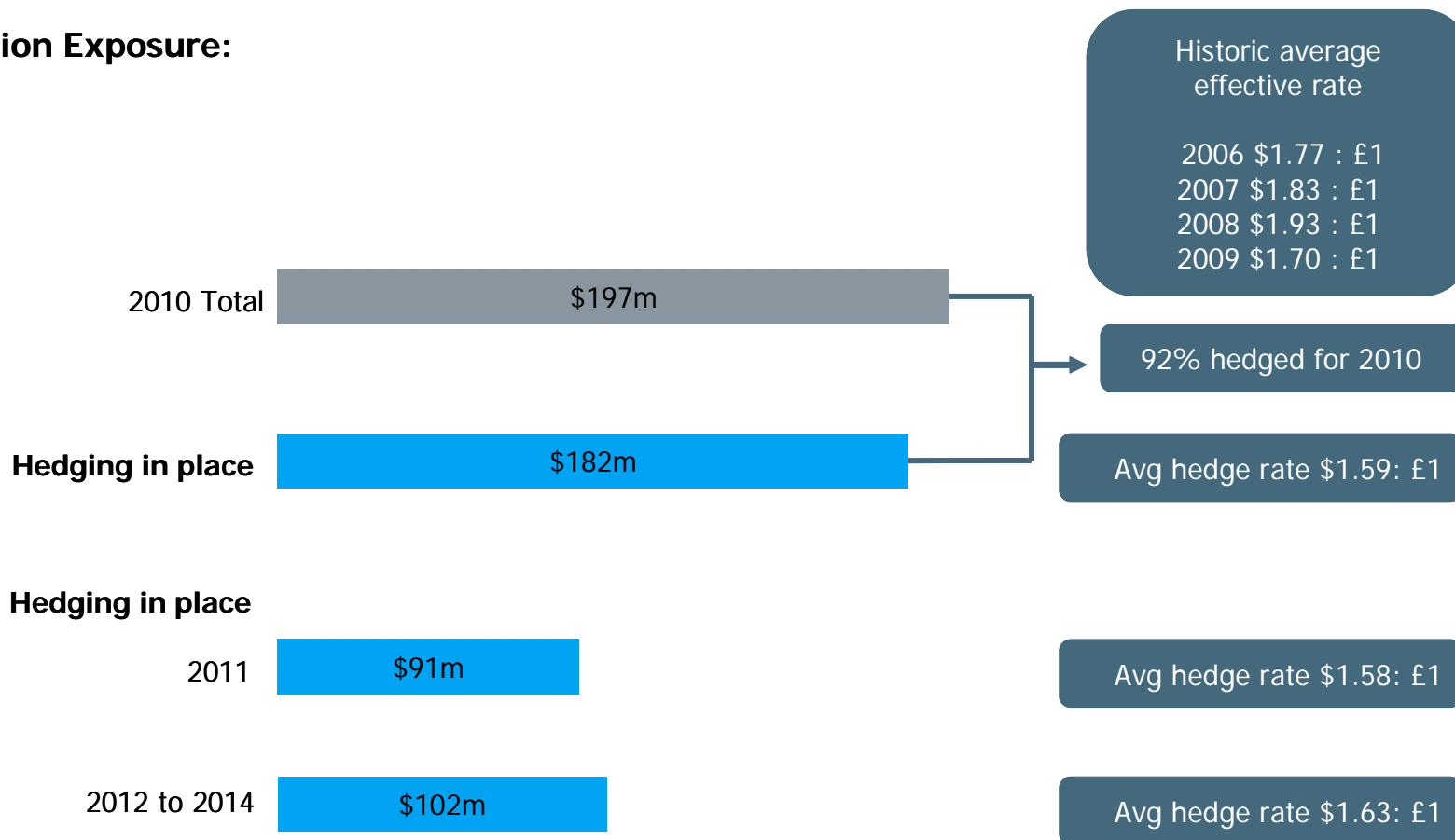
£m	Revenue			Trading Profit	
	Year to 31/12/08	Year to 31/12/09	Organic Growth	Year to 31/12/08	Year to 31/12/09
Cobham Avionics and Surveillance	432.8	487.3	(3.0)%	71.7	84.6
<i>Margin</i>				<i>16.6%</i>	<i>17.4%</i>
Cobham Defence Systems	529.3	873.0	9.5%	105.2	164.4
<i>Margin</i>				<i>19.9%</i>	<i>18.8%</i>
Cobham Mission Systems	302.0	317.0	(8.9)%	52.2	56.8
<i>Margin</i>				<i>17.3%</i>	<i>17.9%</i>
Technology Divisions	1,245.6	1,653.7	0.6%	229.1	305.6
<i>Margin</i>				<i>18.4%</i>	<i>18.5%</i>

** Intercompany eliminations not shown

Foreign Exchange Transaction Exposure



Transaction Exposure:



Dollar/Euro exposure predominantly hedged for 2010 with \$31m @ 1.40. 2011 \$19m @ 1.42

US\$/£ Translation Exchange Rates



	2008		2009
	Opening	Full Year	Full Year
Income Statement (average rate)	n/a	1.86	1.56
Balance Sheet (closing rate)	1.99	1.44	1.61

£0.8m PBT translation impact for every 1 cent movement

Exceptional Profits from Portfolio Restructuring



Past Years

2005	£5.6 m	
2006	£14.5 m	
2007	£(7.7)m	
2008	£(4.5)m	
	<hr/>	£7.9 m

Restructuring in 2009

North American Avionics Restructuring	£(4.1)m	
North American Mission Systems Restructuring	£(3.7)m	
Sale of UK property	£0.1m	
	<hr/>	£(7.7)m

£0.2 m

Programme closed

Reconciliation of IFRS to Underlying Result



	Year to 31/12/08 £m	Year to 31/12/09 £m
Operating profit	128.5	286.6
Portfolio restructuring	7.4	7.7
Unrealised losses on revaluation of currency instruments	59.5	(42.9)
Amortisation of intangible assets arising on acquisition	46.8	78.7
Acquisition related adjustments	9.4	6.9
Trading profit	251.6	337.0
Net finance (expense)/income	(7.8)	(41.7)
Underlying profit before taxation	243.8	295.3

Underlying	To assist with the understanding of earnings trends, the Group has included within its published statements trading profit and underlying earnings results. Trading profit and underlying earnings have been defined to exclude the impacts of certain acquisition related charges, portfolio restructuring impacts, the mark-to-market of currency instruments not realised in the period and impairments of goodwill. Acquisition related charges excluded from trading profit and underlying earnings include the amortisation of intangible assets recognised on acquisition, such as customer relationships, technology, software and the like, the writing off of the pre-acquisition profit element of inventory written up on acquisition and costs charged post acquisition, related to acquired share options. Portfolio restructuring impacts comprise exceptional profits arising on business divestments, completed in prior years, which have funded exceptional costs associated with the Group's site integrations. Both the divestments and the integration activity originate from the Group's strategy announcement in September 2005. The 2005 portfolio restructuring is now substantially complete and restructuring costs arising after 2009 are to be reported as part of the underlying result. All underlying measures include the revenue and operational results of both continuing and discontinued businesses up to the point of sale of the operation. From 2010 transaction costs and changes to the initial estimate of contingent payments related to future acquisitions will also be excluded from trading profit and underlying earnings.
Underlying Tax Rate	The underlying tax rate is based on underlying profit before tax, excluding the share of post tax income from joint ventures.
Free Cash Flow	Free cash flow is cash generated by the business before movements in funding and FX, acquisitions and disposals and dividends to shareholders
Free Cash Flow per share	Defined as free cash flow/average number of shares in issue
Operating Cash Flow	Operating cash flow is defined as cash generated from operations, per the consolidated cash flow statement, adjusted for cash flows from the purchase or disposal of fixed assets. Operating cash conversion is defined as operating cash flow as a percentage of trading profit, excluding profit from joint ventures.
Organic revenue growth	Organic revenue growth is defined as revenue growth stated at constant translation exchange, excluding the incremental effect of acquisitions and disposals.
PV Investment	Company funded R&D expenditure as a percentage of technology division revenues
Technology divisions	Cobham's technology divisions comprise Cobham Avionics and Surveillance, Cobham Defence Systems and Cobham Mission Systems

AAGRM	Advanced Ant-Radiation Guided Missile
Acq	Acquisition
AGM	Annual General Meeting
AMRAAM	Advanced Medium-Range Air-to-Air Missile
BGAN	Broadband Global Area Network
C4ISR	Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance
CAGR	Compound Annual Growth Rate
CAS	Cobham Avionics and Surveillance
CDS	Cobham Defence Systems
CMS	Cobham Mission Systems
DoD	Department of Defense
EBITDA	Earnings Before Interest Tax Depreciation and Amortisation
EPS	Earnings Per Share
EW	Electronic Warfare
FX	Foreign Exchange
GA	General Aviation
HMMWV	High Mobility Multi Wheeled Vehicle
IDDQ	Indefinite Delivery Definite Quantity
IDIQ	Indefinite Delivery Indefinite Quantity
IED	Improvised Explosive Device
KPI	Key Performance Indicator
MFTS	Military Flying Training Services
MRTT	Multi Role Tanker Transport
OBIGGS	On Board Inert Gas Generating System
PV	Private Venture (Company funded R&D)
QDR	Quadrennial Defense Review
R&D	Research and Development
RF	Radio Frequency
RNAS	Royal Naval Air Station
RoW	Rest of World
SATCOM	Satellite Communication
SEWIP	US Navy's Surface Electronic Warfare Improvement Programme
UAV	Unmanned Aerial Vehicle
VIS-X	Vehicle Intercommunication System - Expanded
WnAN	Wireless network After Next
JVs	Joint Ventures
RDT&E	Research, Development, Test and Evaluation

Cautionary Statement



For the purposes of the following disclaimers, references to this "document" shall be deemed to include references to the presenters' speeches, the question and answer session and any other related verbal or written communications.

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