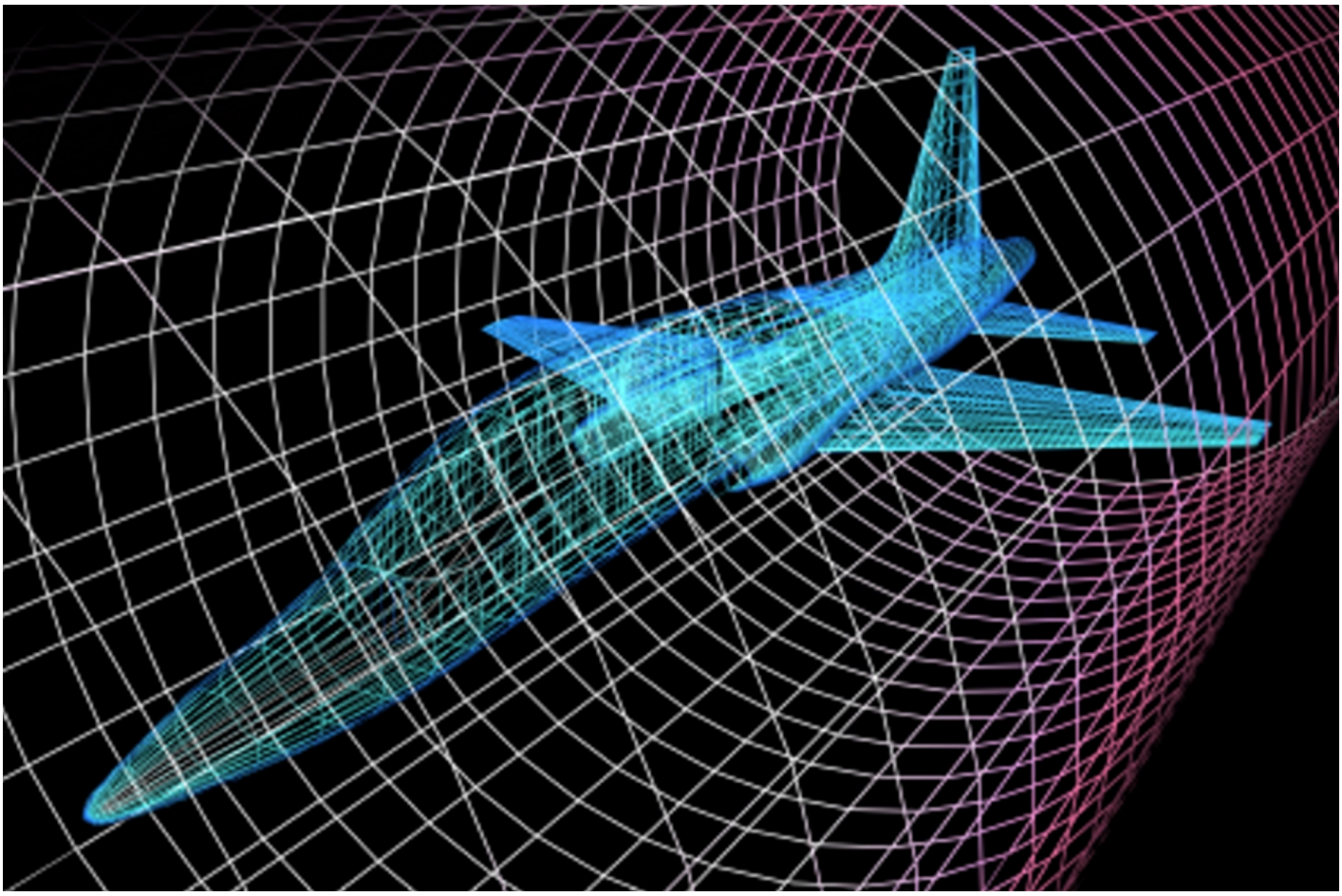
MEGGITT TO ACQUIRE COMPOSITES DIVISION OF EDAC FOR $340 M

News / Manufacturer



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 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

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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.

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