BBA Aviation PLC - BBA Final Results
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BBA Aviation plc

2016 Final Results

Results for the year ended 31 December 2016

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TULCHAN COMMUNICATIONS

A video with BBA Aviation management is now available on www.bbaaviation.com and www.cantos.com

A live audio webcast of the analyst presentation will be available from 09:00 today on www.bbaaviation.com and www.cantos.com

FINAL RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2016

GROUP

	Underlying results[1]					Statutory results				
	2016		2015 Restated[2]			**2016**		2015 Restated[2]		
	Continuing	**Total (including discontinued operations)**	Continuing	Total (including discontinued operations)	% Change[3]	**Continuing**	**Total (including discontinued operations)**	Continuing	Total (including discontinued operations)	% Change[3]
Revenue	**2,149.1**	**2,565.9**	1,714.0	2,129.8	25%	**2,149.1**	**2,565.9**	1,714.0	2,129.8	25%
EBITDA	**384.5**	**414.7**	241.2	273.1	59%	**346.6**	**376.8**	181.7	213.6	91%
Operating profit	**302.6**	**330.1**	181.5	202.0	67%	**166.1**	**192.9**	112.7	130.8	47%
Profit / (loss) before tax	**238.7**	**266.1**	149.7	170.0	60%	**(82.2)**	**(164.6)**	77.4	95.3	(206)%
Profit / (loss) after tax	**199.2**	**217.1**	128.9	144.3	55%	**(19.3)**	**(98.9)**	69.7	83.1	(128)%
Basic adjusted earnings per share	**19.4¢**	**21.1¢**	18.0¢	20.1¢	8%	**(1.9)¢**	**(9.6)¢**	9.8¢	11.6¢	(119)%
Return on invested capital	**-**	**10.1%**	-	11.0%	-					
Free cash flow	**-**	**224.1**	-	88.4	154%					
Net debt	**-**	**(1,335.3)**	**-**	456.5	-					
Dividend per share	**-**	**12.75¢**	-	12.15¢	5%					

1. See page 41 for the note outlining all adjusted measures
2. Restated following the presentation of ASIG as a discontinued operation
3. % change based on continuing operations for operating performance

Highlights

- Strong performance, underlying total operating profit up 63% to $330.1 million
- Landmark acquisition performing well and as anticipated; integration complete with greater than anticipated cost synergies delivered ahead of plan
- Continuing operations:
  - Flight Support (88% of continuing Group underlying OP)
    - Continued market outperformance, existing Signature organic revenue growth of 5% despite only modest market growth (1-2%)
    - Excellent organic underlying operating profit progression of 7*%
    - Integration of new locations successfully completed; delivering run rate cost synergies of $39 million
  - Aftermarket Services (12% of continuing Group underlying OP)

  - Ontic, our Legacy Support business, delivered another solid operating performance with incremental contributions from new licences
  - Weak overall performance in ERO as trading conditions remained challenging, continued progress on footprint reduction programme supporting improved second half performance

- Discontinued operations:
  - ASIG delivered good underlying improvement in 2016; the successful sale of ASIG for $202 million completed in January 2017

- Exceptional and other items of $316.0 million which are largely non-cash and primarily associated with the previously reported ERO accounting impairment ($184.4 million), ASIG write-down ($109.1 million) in anticipation of sale and amortisation of Landmark Aviation intangibles

- Statutory loss before tax for 2016 was $82.2 million as a result of the exceptional and other items set out above

- Strong net cash flow from operating activities of $374.9 million (2015: $188.4 million) and Group de-levered to 3.1x net debt/EBITDA on a covenant basis

- Adjusted underlying continuing EPS up 8% to 19.4 cents

- Final dividend up 5% reflecting continued confidence in the Group's future growth prospects

*Adjusted for two one-off items in 2015: the reclassification of our investment in the Hong Kong Business Aviation Centre as an associate and the trading losses from ASIG's operations at Singapore Changi Airport

Simon Pryce, BBA Aviation Chief Executive Officer, commented:

"2016 was a transformational year for BBA Aviation. Effective execution of our strategy and continued operational delivery has significantly repositioned the Group and materially enhanced its growth prospects and value creation potential. We completed the significant acquisition of Landmark Aviation, which materially expanded the Signature network, and made further investment in Ontic's IP protected licence portfolio. We executed the successful integration of 62 new FBOs into the Signature FBO network, delivering greater cost synergies more rapidly than originally anticipated. We also successfully sold six Landmark FBOs required by the US Department of Justice and ASIG, which completed in January 2017. This has all been achieved at the same time as delivering a strong underlying operational performance with excellent cash generation and deleveraging.

As a result Signature comprises the majority of the Group and has a global network of over 200 FBOs that can meet more of the needs of our customers at most of the locations they want to fly to. This enhances and extends our opportunity for continued market outperformance. Ontic, which generates the majority of the Aftermarket operating profit, is a unique portfolio of IP protected licences enhanced by the business acquired from GE Aviation at the end of 2016. As we begin to adopt the GE products we are pleased with our initial findings. Ontic continues to see significant growth opportunities and has a strong pipeline and a good order book. Although ERO, continues to be impacted by reduced legacy mid-cabin fixed wing flying, our footprint reduction programme remains on track and should lead to further improved financial performance even at lower levels of activity.

In summary, the Group is now focused on higher value-added, better IP protected, high ROIC and strongly cash generative businesses with enhanced prospects and the Board remains confident of good growth in 2017."

FINAL RESULTS 2016

Overview

BBA Aviation delivered a strong performance in 2016, with significant progress on implementing the Group's strategy.

During the year we significantly expanded the size of Signature and created a unique global network of FBOs through the transformational $2.1bn acquisition of Landmark Aviation, which was completed in February 2016. The acquisition is delivering well and the integration is now successfully completed with the cost synergies now higher than originally anticipated and ahead of plan. In addition, we further enhanced BBA Aviation's focus as a high quality, cash generative market leader in the provision of business and general aviation and legacy support services through the agreement to sell ASIG to John Menzies for $202 million, and Ontic's acquisition of GE Aviation's portfolio of legacy avionics products.

In Continuing Operations, existing Signature delivered excellent operating profit growth, continuing to outperform its markets, with good drop through to profit; and Landmark Aviation delivered in line with our expectations. Ontic, our Legacy Support business, delivered in line with our expectations with good contribution from licences added in 2015 and the anticipated second half uptick in revenue. In Engine Repair & Overhaul (ERO) trading conditions remained challenging, with no recovery in legacy mid-cabin fixed wing flying and continued pressure on pricing and workscopes, which led to a weak ERO result for the year as a whole, albeit there was an improvement in ERO's operating performance in the second half of the year supported by ongoing cost reduction and footprint rationalisation actions.

Continuing Group revenue increased by 25% to $2,149.1 million (2015: $1,714.0 million), including $558.7 million contribution from acquisitions. Continuing Flight Support revenue increased 55%, reflecting a good Signature result and the contribution of acquisitions of $545.9 million, including Landmark Aviation and the addition of four new FBOs in Italy, offset by the impact of lower fuel prices and foreign exchange movements that reduced Flight Support revenue by $68.3 million. Aftermarket Services' revenue was down 10% driven by ERO.

Continuing underlying Group operating profit was $302.6 million (2015: $181.5 million). There was an excellent performance in Flight Support as well as a $132.4 million contribution from acquisitions, of which $21.9 million related to cost synergies. Aftermarket Services, now only 12% of continuing Group underlying operating profit pre central costs, was down 30%; again due to ERO's weak performance.

Continuing Group underlying operating profit margin increased to 14.1% (2015 constant fuel price: 11.0%) with a greater contribution from Signature partly offset by a lower margin in Aftermarket Services.

Underlying net interest increased by $32.1 million to $63.9 million (2015: $31.8 million) mostly due to the acquisition facilities drawn down on completion of the Landmark Aviation acquisition. Net debt increased to $1,335.3 million (2015: net cash position of $456.5 million). On a covenant basis, the net debt to EBITDA ratio increased to 3.1x (2015 historically adjusted for the results of the capital raise: 2.3x), and on a reported basis to 3.2x (2015 historically adjusted 2.3x). Interest cover on a covenant basis decreased to 6.5x (2015: 8.5x), due to the increased interest on the drawn debt.

Underlying profit before tax increased to $238.7 million (2015: $149.7 million).

The Group's underlying tax rate for continuing operations is 16.5% (2015: 13.9%). Underlying profit before tax increased by 60% and the adjusted average number of shares increased by 308 million via the October 2015 capital raising; resulting in continuing underlying adjusted earnings per share (EPS) increasing by 8% to 19.4 cents (adjusted 2015: 18.0 cents).

Exceptional and other items after tax, for continuing and discontinued operations, totalled $316.0 million. Key items of this are the previously reported impairment charge of $184.4 million in relation to ERO's assets due to its continuing challenging trading environment; and the impairment charge of $109.1 million following the write down of ASIG's assets in anticipation of its sale. Further items which were all anticipated include: restructuring expenses of $9.9 million (2015: $15.1 million), mainly associated with ERO's ongoing footprint rationalisation programme; $24.9 million of integration costs related to the acquisition of Landmark Aviation; and $98.6 million of non-cash amortisation of acquired intangible assets (2015: $9.3 million), an increase resulting primarily from the acquisition of Landmark Aviation. This is accounted for as an other item within exceptional and other items.

Continuing statutory loss before tax was $(82.2) million versus $77.4 million profit for the prior year. The statutory loss before tax arises due to the exceptional and other items charges during 2016 as outlined above.

Free cash flow was an inflow of $224.1 million (2015: $88.4 million inflow), the increase mainly due to Landmark Aviation's strong cash generation.

Gross capital expenditure amounted to $102.4 million (2015: $90.7 million). Principal capital expenditure items include the investment in Signature's FBO development projects at San Jose and London Luton, both of which are now complete, the integration of Landmark and completion of Landmark development projects at Grand Rapids and Cleveland Burke Lakefront, and the new ERO facility associated with its footprint rationalisation programme.

Working capital improved by $51.5 million due to the Group's working capital disciplines and processes being applied across the enlarged group and the timing of some payments at year end. Approximately $20 million of this improvement is one-off in nature and will reverse in 2017.

Cash flows on exceptional and other items during the year were $63.5 million (2015: $28.6 million) which included integrations costs in relation to Landmark Aviation, transaction costs arising on the completion of the acquisition of Landmark Aviation and the disposal of ASIG, ERO footprint rationalisation costs and other costs.

The Group's tax payments during the year were $15.8 million (2015: $5.0 million) and interest payments were $64.5 million (2015: $41.1 million). The dividend payment was $124.3 million (2015: $76.6 million).

Total spend on acquisitions ($2,098.2 million) and licences ($10.6 million) completed during the period amounted to $2,108.8 million (2015: $32.9 million), which included $2,076.6 million for Landmark Aviation; a controlling shareholding in Signature Flight Support Italy Srl, which operates FBOs at four locations in Italy; and deferred consideration for Ontic's acquisition of licences for selected JT15D engine component parts from Pratt & Whitney Canada. In December 2016, Ontic completed the acquisition of a portfolio of legacy avionics products from GE Aviation for $61.5 million. The cash payment for this acquisition was made in January 2017. The Group recorded net cash proceeds from the disposal of six FBOs of $186.6 million after adjusting for the impact of working capital. Post year end, the Group completed the disposal of ASIG for $202.0 million, which will deliver approximately $170 million of net proceeds after tax, professional transaction fees and other costs.

Following a review of the impact of the Landmark Aviation acquisition on the Group's long term incentive plans, in consultation with shareholders, the basis for calculating the key performance measures of EPS and return on invested capital (ROIC) has changed to simplify them and focus them more on cash generation.

ROIC is now calculated as underlying operating profit, as defined in the Group's financial statements; divided by statutory invested capital, calculated as net assets plus net debt, on a look back 13 month average.

Underlying earnings per share (EPS) is now calculated as adjusted earnings pre-exceptional and other items attributable to BBA Aviation (using a current tax charge rather than total accounting tax charge), divided by the weighted average shares in issue.

$¢ / share	**Continuing**		**Discontinued**		**Total**	
	2016	2015	**2016**	2015	**2016**	2015
Underlying adjusted EPS	**19.4**	18.0	**1.7**	2.1	**21.1**	20.1
Cash EPS	**22.1**	18.6	**2.5**	2.9	**24.6**	21.5

Business Review - Continuing Operations

Flight Support (88% of underlying operating profit of continuing operations)

Our Flight Support division provides specialist on-airport services including refuelling, ground handling and hangarage to the business & general aviation (B&GA) market through Signature Flight Support (Signature).

Flight Support's continuing operations comprise Signature (existing Signature) and the acquired Landmark Aviation operations (Landmark Aviation).

$m	**2016**	2015 restated	**Change**
Revenue	**1,443.2**	931.6	55%
Underlying operating profit	**294.0**	154.4	90%
Underlying operating margins	**20.4%**	17.6%	280bps
Statutory operating profit	**177.3**	140.1	27%
Operating cash flow	**276.8**	143.5	93%
Divisional return on invested capital	**11.2%**	15.3%	(410)bps

Revenue in Flight Support increased by 55% to $1,443.2 million (2015: $931.6 million), reflecting the $545.9 million contribution from acquisitions, primarily Landmark Aviation, and the net impact of lower fuel prices and foreign exchange movements that reduced revenue by $68.3 million. Existing Signature delivered good organic growth of 5% against a background of modest growth in its markets with US B&GA movements up 1% and European B&GA movements up 2% during the year.

Underlying operating profit in Flight Support increased by 90% to $294.0 million (2015: $154.4 million), driven by a $132.4 million contribution from acquisitions, which included cost synergies of $21.9 million and supported by continued strong underlying operational performance in existing Signature. Underlying operating profit also benefited from the profit from disposed FBOs and the aircraft management and charter business which is accounted for as an associate undertaking. On an organic basis, adjusting for acquisitions ($132.4 million), FX ($(1.8) million), underlying operating profit increased by 6%. The comparator in 2015 was impacted by two one-off items: the reclassification of our investment in the Hong Kong Business Aviation Centre as an associate and the trading losses from ASIG's operations at Singapore Changi Airport, with a net impact of $(1.2) million, adjusting for which, organic underlying operating profit grew 7%.

Statutory operating profit of $177.3 million increased by 27% (2015: $140.1 million). This is a result of good organic growth plus the impact of acquisitions in the period, partially offset by increased other item costs associated with the integration of Landmark Aviation and amortisation of intangible assets.

Operating cash flow for the division was $276.8 million (2015: $143.5 million) due principally to increased EBITDA following the acquisition of Landmark Aviation. Return on invested capital is 11.2% (FY 2015: 15.3%) reflecting the recent acquisition of Landmark Aviation.

Signature Flight Support's existing locations (i.e. excluding acquired locations) delivered another strong performance in a moderate growth environment, reflecting the continued benefits of its strong and customer-relevant network. Organic revenue increased by 5% to $892.4 million. Signature's continued market outperformance further demonstrates the strong demand from existing and new customers for its market leading services, and facilities across its unique, growing and global network.

The acquisition of Landmark Aviation completed on 5 February 2016 and the business has subsequently met all of our expectations. The detailed and large scale integration plan has been executed very effectively and all FBOs are now fully integrated within the Signature network. Following the successful integration, Signature is now well positioned to focus on optimising this unique and high quality global network of FBOs, through the provision of a broader range of B&GA services to our extensive customer base and enhancing network performance to accelerate value creation. The enlarged Signature network has the unmatched ability to satisfy the needs of our customers at many more locations that they want to fly to, supporting anticipated continued outperformance in 2017 and beyond.

Cost synergies have been delivered ahead of schedule and we anticipate delivering $39 million of cost synergies in 2017. Landmark Aviation and the associated synergies will no longer be reported separately and will instead form part of Signature's overall performance from 2017 onwards. The total cost of integration is approximately $42 million, consisting of $25 million of one-off expenses (shown as exceptionals) which is in line with guidance, and $17 million of capital expenditure, which is below the $19 million originally anticipated.

Six FBOs were sold in order to satisfy regulatory requirements for the Landmark Aviation acquisition and this transaction was completed on 30 June 2016; the $186.6 million proceeds were used for debt repayment. The full year 2016 results include an EBITDA contribution of $7.9 million from these FBOs.

In December we completed the transaction to combine the aircraft management and charter business, acquired through the acquisition of Landmark Aviation, with Gama Aviation's US aircraft management business. The combined business, which is named Gama Aviation Signature Aircraft Management, is one of the largest aircraft management and charter businesses in the world with around 200 airplanes under management. It also offers our Signature business the opportunity to provide support in terms of its global FBO network, hangar space, line maintenance and engine support capability.

During the year, Signature continued to expand its network with the addition of a new location at Stewart International Airport, NY in July, as well as further extensions of the Signature network in Latin America and the Caribbean, with the opening of new facilities at Tocumen International Airport, Panama and Trinidad-Piarco International Airport, Port of Spain. In Europe, Signature added four new FBOs to its network in Italy in April 2016 through a joint venture with SEA Prime S.P.A., adding locations at Milan Linate, Milan Malpensa, Rome Ciampino and Venice Marco Polo airports.

Signature further expanded its network globally through its affiliate FBO programme, Signature Select^{TM}, with the addition of three new locations in Johannesburg, South Africa, Bogota, Colombia, and at Farmingdale, Long Island, increasing the Signature Select^{TM} network to 18 locations globally.

Signature continued to invest in its current network, with the successful opening of its newly constructed state-of-the-art FBO at London Luton Airport in December 2016 and new FBO at Mineta San Jose International Airport in February 2016. Signature also opened newly constructed facilities at Cleveland Burke Lakefront Airport and at Gerald R. Ford International Airport in Grand Rapids, Michigan. In addition, Signature secured two new strategic and significant leases at its existing facilities at Biggin Hill Airport, outside of London, and in Nashville International Airport, in Tennessee, where the construction of a new FBO terminal and hangars will begin this year.

There are now 203 locations in Signature's global network.

Aftermarket Services (12% of underlying operating profit of continuing operations)

Our Aftermarket Services division is focused on the support of maturing aerospace platforms through Ontic, our legacy support business and the repair and overhaul of engines through our Engine Repair and Overhaul (ERO) businesses.

$m	**2016**	2015	Change
Revenue	**705.9**	782.4	(10)%
Organic revenue growth	**(10)%**		
Underlying operating profit	**42.0**	59.6	(30)%
Underlying operating margins	**5.9%**	7.6%	(170)bps
Statutory (loss) / profit before tax	**(162.2)**	47.6	(441)%
Operating cash flow	**34.0**	31.8	7%
Divisional ROIC	**6.9%**	8.2%	(130)bps

In Aftermarket Services, revenue decreased by 10% to $705.9 million (2015: $782.4 million, a comparator that includes $39.7 million of engine trading).

Underlying operating profit of $42.0 million (2015: $59.6 million) was driven by Ontic which now represents more than 85% of the division's profits, on an ongoing basis.

The decline in both revenue and operating profit was due to a weak performance from ERO. On an organic basis, the Aftermarket Services underlying operating profit was down 33% with underlying operating margins of 5.9% (2015: 7.6%), against a comparator which saw a material contribution from engine trading.

Statutory loss before tax was $(162.2) million (2015: $47.6 million profit). This is a result of ERO's weak operating performance, as well as the expected increase in the ERO footprint rationalisation costs which is presented as part of exceptional and other items, and the impairment of ERO $184.4 million during the year

Operating cash flow for the division was $34.0 million (2015: $31.8 million), which reflected lower operating profit in ERO and the capital expenditure associated with the investment in new ERO facilities and the footprint restructuring. Return on invested capital decreased to 6.9% (FY 2015: 8.2%) reflecting the investment in the new ERO facilities and operating profit decline.

Ontic, our legacy support business, continues to perform well, with revenue up 1% to $164.5 million (2015: $163.2 million) with increased activity in the second half as expected, and a good contribution from licences acquired in 2015, reflecting a good performance and in line with our expectations.

In December, Ontic completed the acquisition of a portfolio of legacy avionics products from GE Aviation for $61.5 million. The acquisition supports Ontic's strategy to deliver continued profitable growth in mature avionics and electronics products with high intellectual property content. This business will be transitioned into Ontic's existing UK facility in Cheltenham over the course of 2017. The cash payment for this acquisition was made in January 2017.

Additionally, Ontic further extended its licensed product portfolio during the year with the addition of important new licensors; signing its first product licences with Ultra Electronics for electronic engine control equipment used on commercial aircraft, and with Safran Nacelles, to support the Saab 2000 nacelles and AWACS CFM56 thrust reverser. Ontic also expanded its existing licensor relationships by increasing its portfolio of JT15D products from Pratt & Whitney Canada Corp. Ontic continues to assess a strong pipeline of opportunities in relation to new products and licence adoptions.

Engine Repair and Overhaul's revenue decreased by 13% to $541.4 million (2015: $619.2 million). Conditions in ERO's market remain challenging and, while organic revenue was down 11% for the year as a whole, there was an improvement in ERO's operating performance in the second half of the year, in line with our expectations.

Volumes in legacy mid-cabin and rotorcraft engine overhauls remained depressed throughout the year, with reduced workscopes and competitive market pricing. Engine trading and demand for lease engines was significantly reduced, and this together with strong competitive pressures and OEM actions put further pressure on margins. The footprint restructuring programme and cost saving activities taken in the first half delivered the planned lower cost base which contributed to improved second half results.

Whilst the small thrust engine repair and overhaul market remains competitive and volatile month-to-month, our ERO businesses did see improvements in market share over the second half of the year in the PT6 and Tay markets.

ERO's footprint rationalisation programme, which began in 2014, is now close to completion. The new overhaul facility at Dallas Fort Worth Airport (DFW) has commenced production with the successful transfer of overhaul operations from the Neosho and Forest Park facilities in the second half of the year. The sale of the Forest Park site is planned for this year. The new test cell facility at DFW has now started production on several engine models. We anticipate the test facility reaching full production levels in the first half of 2017. As the new DFW facilities become fully operational in 2017, we expect the continued operational improvements and further footprint consolidation in the Dallas metroplex will help to improve flexibility, customer service and financial performance and provide a more stable base from which to execute a long-term strategy for value creation from our ERO businesses.

Central Costs

Core central costs were $1.3 million lower at $14.8 million, due to FX, cost control and lower share based payments. Due to the reclassification of ASIG as a discontinued business, those central back-office transaction processing and shared service centre costs previously allocated to ASIG of $18.6 million (2015: $16.4 million) are included in continuing operations. The remaining central costs associated with ASIG are expected to decrease to approximately $5 million in 2017 and will be eliminated by the beginning of 2018. The cost of eliminating these will be $8-10 million, which will be treated as an exceptional cost.

Business Review - Discontinued Operations

In April 2016 the ASIG business was reclassified as a discontinued operation in anticipation of its sale, and an exceptional write down of its assets of $109.1 million was taken. The disposal of ASIG to John Menzies plc ('Menzies') was completed in January 2017. The gross consideration of $202 million will deliver approximately $170 million of net proceeds after tax, professional transaction fees, and other costs, which has been used to reduce Group borrowings. As part of the transaction, BBA Aviation is providing transitional services to Menzies for support services for the six month period following closing, which is extendable to twelve months if required by Menzies.

On an underlying basis, ASIG's operating profit increased by 34% to $27.5 million (2015: $20.5 million, which included the $4.3 million gain on purchase of the Panama acquisition). During the year ASIG delivered significant operational improvements and new business wins, which were partially offset by reduced de-icing activity in the first quarter.

ASIG's profit improvement also benefited from a suspension of depreciation of $7.1 million during the year, the required accounting treatment whilst the asset was held for sale.

Other Financial Information

At 31 December 2016 the Group had net debt of $1,335.3 million (2015 net cash: $456.5 million), the increase being due to the Landmark Aviation acquisition, net of cash flow from the business during the year, and the proceeds from the disposal of the six FBOs that were sold in order to achieve regulatory approval for the Landmark Aviation acquisition.

Net cash flow from operating activities of $374.9 million is significantly higher than the prior year (2015: $188.4 million) primarily as a result of the contribution from the acquisition of Landmark Aviation on 5 February 2016 and improvements in working capital. Free cash flow increased by $135.7 million to $224.1 million (2015: $88.4 million) as a result of the acquisition of Landmark Aviation partially offset by increased capital expenditure and interest payments associated with funding the Landmark Aviation acquisition. Capital expenditure amounted to $102.4 million (2015: $90.7 million). Principal items included the completion of investment in Signature's FBO development projects at San Jose and London Luton, integration projects associated with the acquisition of Landmark Aviation along with our Engine Repair & Overhaul's footprint rationalisation and investment in its new Middle East facility in support of the rotorcraft authorisations.

Other significant cash flow items include the acquisition of subsidiaries, net of cash and debt acquired, totalling $2,098.2 million (2015: $19.4 million) primarily associated with Landmark Aviation, dividend payments of $124.3 million (2015: $76.6 million), $1.3 million related to share repurchases (2015: $22.0 million), licence acquisitions by Ontic of $10.6 million (2015: $13.5 million). The cash associated with Ontic's acquisition of the portfolio of legacy avionics products from GE Aviation did not flow out until January 2017 whilst the transaction closed in December 2016.

The Group's net debt to EBITDA ratio at 31 December 2016 was 3.2x on a reported basis (2015 historically adjusted: 2.3x) and 3.1x on a covenant basis. The covenant calculation is based on an underlying EBITDA contribution from Landmark Aviation, for the 12 months commencing 5 February 2016 and therefore includes 36 days of forecast EBITDA. Interest cover based on underlying EBITDA decreased to 6.5x (2015: 8.5x), due to the increased interest on the drawn debt.

Pensions

The Group paid net $6.6 million of pension payments during the period, of which $4.1 million represented pension deficit payments reflecting the agreed payments to the schemes.

Agreement was reached on 31 May 2016 to close the UK defined benefit scheme to future accrual, principally affecting ERO employees. This resulted in a curtailment loss of $1.4 million which has been charged to exceptional and other items for the year.

The actuarial valuation of the UK plan at 31 March 2015 indicated a funding deficit of £45 million ($66 million) at 31 March 2015 exchange rates. The Group paid £4.7 million of pension payments in to the UK plan, of which £3.0 million represented pension deficit payments, reflecting the agreed payments to the scheme under an agreement to make additional contributions of £0.3 million per annum over the next five years bringing the annual deficit contribution to £3.0 million, and £2.7 million thereafter until 2034 in accordance with the asset-backed funding arrangement established in 2014.

As at 31 December 2016, the accounting net deficit across the UK and US plans was $82.8 million (2015: $40.1 million). The significant increase in the accounting net deficit is primarily as a result of lower corporate bond yields in the UK as at 31 December 2016 and therefore a reduction in the discount rate applied to associated pension liabilities.

Dividend

At the time of the interim results, the Board declared an increased interim dividend of 3.63 cents (H1 2015 adjusted: 3.47 cents, H1 2015 historical: 4.85 cents). The Board is now proposing a final dividend of 9.12 cents per share (2015 adjusted: 8.68 cents and 2015 historical: 12.15 cents) up 5% on an underlying basis reflecting the Board's progressive dividend policy and its continued confidence in the Group's future growth prospects.

Board Changes

It is also announced separately today that Mike Powell, Group Finance Director, has resigned in order to take up the role of Chief Financial Officer of Wolseley plc and will be leaving the Group on 31st May 2017. The Board is pleased to announce the appointment of David Crook, currently Group Financial Controller, to the position of Group Finance Director and to the Board with effect from 1st June 2017.

Outlook

2016 was a transformational year for BBA Aviation. Effective execution of our strategy and continued operational delivery has significantly repositioned the Group and materially enhanced its growth prospects and value creation potential. We completed the significant acquisition of Landmark Aviation, which materially expanded the Signature network, and made further investment in Ontic's IP protected licence portfolio. We executed the successful integration of 62 new FBOs into the Signature FBO network, delivering greater cost synergies more rapidly than originally anticipated. We also successfully sold six Landmark FBOs required by the US Department of Justice and ASIG, which completed in January 2017. This has all been achieved at the same time as delivering a strong underlying operational performance with excellent cash generation and deleveraging.

As a result Signature comprises the majority of the Group and has a global network of over 200 FBOs that can meet more of the needs of our customers at most of the locations they want to fly to. This enhances and extends our opportunity for continued market outperformance. Ontic, which generates the majority of the Aftermarket operating profit, is a unique portfolio of IP protected licences enhanced by the business acquired from GE Aviation at the end of 2016. As we begin to adopt the GE products we are pleased with our initial findings. Ontic continues to see significant growth opportunities and has a strong pipeline and a good order book. Although ERO, continues to be impacted by reduced legacy mid-cabin fixed wing flying, our footprint reduction programme remains on track and should lead to further improved financial performance even at lower levels of activity.

In summary, the Group is now focused on higher value-added, better IP protected, high ROIC and strongly cash generative businesses with enhanced prospects and the Board remains confident of good growth in 2017.

Going Concern

The Directors have carried out a review of the Group's trading outlook and borrowing facilities, with due regard to the risks and uncertainties to which the Group is exposed, the uncertain economic climate and the impact that this could have on trading performance. Based on this review, the Directors believe that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Directors' Responsibilities

The responsibility statement below has been prepared in connection with the Company's full Annual Report for the year ending 31 December 2016. Certain parts of the Annual Report are not included within this announcement.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and

- the management report, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

Signed on behalf of the Board,

Simon Pryce	**Mike Powell**
Group Chief Executive	Group Finance Director

28 February 2017	28 February 2017

This final results announcement contains forward-looking statements including, without limitation, statements relating to: future demand and markets of the Group's products and services; research and development relating to new products and services; liquidity and capital; and implementation of restructuring plans and efficiencies. These forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Accordingly, actual results may differ materially from those set out in the forward-looking statements as a result of a variety of factors including, without limitation: changes in interest and exchange rates, commodity prices and other economic conditions; negotiations with customers relating to renewal of contracts and future volumes and prices; events affecting international security, including global health issues and terrorism; changes in regulatory environment; and the outcome of litigation. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

This report is available in electronic format from the Company's website www.bbaaviation.com

Consolidated Income Statement

				2016			Restated 2015
For the year ended 31 December	Notes	Underlying[1] $m	Exceptional and other items $m	Total $m	Underlying[1] $m	Exceptional and other items $m	Total $m
Continuing operations							
Revenue	1	2,149.1	-	2,149.1	1,714.0	-	1,714.0
Cost of sales		(1,654.7)	-	(1,654.7)	(1,352.3)	-	(1,352.3)
Gross profit		494.4	-	494.4	361.7	-	361.7
Distribution costs		(37.6)	-	(37.6)	(33.7)	-	(33.7)
Administrative expenses		(172.3)	(98.6)	(270.9)	(159.6)	(9.3)	(168.9)
Other operating income		5.7	-	5.7	3.7	-	3.7
Share of profit of associates and joint ventures		13.4	-	13.4	9.4	-	9.4
Other operating expenses		(1.0)	(28.0)	(29.0)	-	(44.4)	(44.4)
Restructuring costs		-	(9.9)	(9.9)	-	(15.1)	(15.1)
Operating profit/(loss)	1, 2	302.6	(136.5)	166.1	181.5	(68.8)	112.7
Impairment of assets	6	-	(184.4)	(184.4)	-	-	-
Investment income		3.7	-	3.7	2.9	0.4	3.3
Finance costs		(67.6)	-	(67.6)	(34.7)	(3.9)	(38.6)
Profit/(loss) before tax		238.7	(320.9)	(82.2)	149.7	(72.3)	77.4
Tax (charge) / credit	3	(39.5)	102.4	62.9	(20.8)	13.1	(7.7)
Profit/(loss) from continuing operations		199.2	(218.5)	(19.3)	128.9	(59.2)	69.7
Discontinued operation							
Profit / (loss) from discontinued operation, net of tax	10	17.9	(97.5)	(79.6)	15.4	(2.0)	13.4
Profit / (loss) for the period		217.1	(316.0)	(98.9)	144.3	(61.2)	83.1
Attributable to:							
Equity holders of BBA Aviation plc		217.1	(316.0)	(98.9)	144.4	(61.2)	83.2
Non-controlling interest		-	-	-	(0.1)	-	(0.1)
		217.1	(316.0)	(98.9)	144.3	(61.2)	83.1
Earnings / (loss) per share		Adjusted		Unadjusted	Adjusted		Unadjusted
Total group					Restated		Restated

Basic	5	21.1 ¢	(9.6) ¢	20.1¢	11.6¢
Diluted	5	20.9 ¢	(9.6) ¢	20.0¢	11.5¢
Continuing operations					
Basic	5	19.4 ¢	(1.9) ¢	18.0¢	9.8¢
Diluted	5	19.2 ¢	(1.9) ¢	17.9¢	9.7¢
Discontinued operations					
Basic	10	1.7 ¢	(7.7) ¢	2.1¢	1.8¢
Diluted	10	1.7 ¢	(7.7) ¢	2.1¢	1.8¢

1 Underlying profit is before exceptional and other items. Exceptional and other items are defined in note 2.

All alternative performance measures are reconciled to IFRS measures and explained in the alternative performance measures section.

The prior period has been restated as required by IFRS 5 as the Group has presented a discontinued operation in 2016, see note 10.

Consolidated Statement of Comprehensive Income

For the year ended 31 December	Note	2016 $m	2015 $m
(Loss) / profit for the period		(98.9)	83.1
Other comprehensive (loss) / income			
Items that will not be reclassified subsequently to profit or loss			
Actuarial (losses) / gains on defined benefit pension schemes		(52.3)	7.6
Tax credit / (charge) relating to components of other comprehensive (loss) / income that will not be reclassified subsequently to profit or loss	3	9.8	(1.7)
		(42.5)	5.9
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations		309.0	20.8
Losses on net investment hedges		(308.0)	(35.4)
Transfer of the revaluation reserve to retained earnings on the disposal of property		-	(5.9)
Fair value movements in available for sale investments		(2.0)	-
Fair value movements in foreign exchange cash flow hedges		1.3	0.5
Transfer (from)/to profit or loss from other comprehensive income on foreign exchange cash flow hedges		(4.5)	(1.1)
Fair value movement in interest rate cash flow hedges		(5.4)	(2.6)
Transfer to profit or loss from other comprehensive income on interest rate cash flow hedges		7.3	3.7
Tax relating to components of other comprehensive income that may be subsequently reclassified to profit or loss	3	2.8	0.1
		0.5	(19.9)
Other comprehensive loss for the year		(42.0)	(14.0)
Total comprehensive income for the year		(140.9)	69.1
Attributable to:			
Equity holders of BBA Aviation plc		(141.1)	68.7
Non-controlling interests		0.2	0.4

(140.9)	69.1

Consolidated Balance Sheet

As at 31 December	Notes	2016 $m	2015 $m
Non-current assets			
Goodwill	6	1,113.9	889.6
Other intangible assets	6	1,378.3	266.2
Property, plant and equipment		875.6	645.0
Interests in associates and joint ventures		40.1	12.0
Trade and other receivables		19.2	22.1
Deferred tax asset		0.4	8.2
		3,427.5	1,843.1
Current assets			
Inventories		235.8	221.3
Trade and other receivables		296.8	341.7
Cash and cash equivalents		182.5	966.4
Tax recoverable		1.4	2.0
Assets held for sale	10	267.7	-
		984.2	1,531.4
Total assets	1	4,411.7	3,374.5
Current liabilities			
Trade and other payables		(543.2)	(439.4)
Tax liabilities		(36.8)	(39.5)
Obligations under finance leases		(0.2)	-
Borrowings	16	(1.0)	(12.3)
Provisions		(27.6)	(27.0)
Liabilities held for sale	10	(89.3)	-
		(698.1)	(518.2)
Net current assets		286.1	1,013.2
Non-current liabilities			
Borrowings	16	(1,546.7)	(511.1)
Trade and other payables due after one year		(4.0)	(23.1)
Pensions and other post-retirement benefits		(82.8)	(40.1)
Deferred tax liabilities		(120.5)	(83.1)
Obligations under finance leases		(1.5)	-
Provisions		(39.5)	(30.5)
		(1,795.0)	(687.9)
Total liabilities	1	(2,493.1)	(1,206.1)
Net assets		1,918.6	2,168.4
Equity			
Share capital		508.7	508.5
Share premium account		1,594.5	1,594.4

Other reserve	(1.0)	1.0
Treasury reserve	(91.0)	(90.0)
Capital reserve	45.1	38.1
Hedging and translation reserves	(87.1)	(87.0)
Retained earnings	(52.2)	208.2
Equity attributable to equity holders of BBA Aviation plc	1,917.0	2,173.2
Non-controlling interest	1.6	(4.8)
Total equity	1,918.6	2,168.4

These financial statements were approved by the Board of Directors on 28 February 2017 and signed on its behalf by:

Simon Pryce
Group Chief Executive

Mike Powell
Group Finance Director

Consolidated Cash Flow Statement

For the year ended 31 December	Notes	2016 $m	2015 $m
Operating activities			
Net cash flow from operating activities	8	374.9	188.4
Investing activities			
Interest received		2.7	11.7
Dividends received from associates		2.4	3.4
Purchase of property, plant and equipment		(101.6)	(81.8)
Purchase of intangible assets†		(11.4)	(22.4)
Proceeds from disposal of property, plant and equipment		11.1	16.7
Acquisition of subsidiaries net of cash/(debt) acquired	9	(2,098.2)	(19.4)
Proceeds from disposal of subsidiaries and associates		186.6	-
Net cash outflow from investing activities		(2,008.4)	(91.8)
Financing activities			
Interest paid		(64.5)	(41.1)
Interest element of finance leases paid		(0.1)	-
Dividends paid	4	(124.3)	(76.6)
Gains from realised foreign exchange contracts		42.7	2.4
Proceeds from issue of ordinary shares net of issue costs		0.3	1,117.5
Purchase of own shares††		(1.3)	(22.0)
Increase/(decrease) in loans		1,035.3	(267.4)
Increase in finance leases		1.7	-
(Decrease)/increase in overdrafts		(11.0)	(8.0)
Net cash inflow/(outflow) from financing activities		878.8	704.8
(Decrease)/increase in cash and cash equivalents		(754.7)	801.4
Cash and cash equivalents at beginning of year		966.4	166.3
Exchange adjustments		(6.4)	(1.3)
Cash and cash equivalents at end of year		205.3	966.4

Comprised of:			
Cash and cash equivalents at end of the period		182.5	966.4
Cash included in Assets held for sale at end of the period	10	22.8	-

Net debt at beginning of year	456.5	(619.2)
(Decrease)/increase in cash and cash equivalents	(754.7)	801.4
(Increase)/decrease in loans	(1,035.3)	267.4
Increase in finance leases	(1.7)	-
Decrease in overdrafts	11.0	8.0
Exchange adjustments	(11.1)	(1.1)
Net debt at end of year†††	(1,335.3)	456.5

† Purchase of intangible assets includes $10.6 million (2015: $13.5 million) paid in relation to Ontic licenses.

†† Purchase of shares includes the share purchases for the share buy-back scheme, shares purchased for the Employee Benefit Trust and shares purchased for employees to settle their tax liabilities as part of the share schemes.

††† Within the Group's definition of net debt, the US private placement is included at its face value of $500 million (2015: $500 million), reflecting the fact that the liabilities will be in place until maturity. This is $8.8 million (2015: $13.5 million) lower than its carrying value.

All alternative performance measures are reconciled to IFRS measures and explained in the alternative performance measures section.

Consolidated Statement of Changes in Equity

	Notes	Share capital $m	Share premium $m	Retained earnings $m	Other reserves $m	Total $m	Non-controlling interests $m	Total equity $m
Balance at 1 January 2015		252.3	733.1	194.4	(95.8)	1,084.0	(5.0)	1,079.0
Profit for the year		-	-	83.2	-	83.2	(0.1)	83.1
Other comprehensive loss for the year		-	-	6.0	(20.5)	(14.5)	0.5	(14.0)
Total comprehensive income for the year		-	-	89.2	(20.5)	68.7	0.4	69.1
Dividends	4	-	-	(76.6)	-	(76.6)	-	(76.6)
Issue of share capital		256.2	861.3	-	-	1,117.5	-	1,117.5
Movement on treasury reserve		-	-	-	(21.9)	(21.9)	-	(21.9)
Credit to equity for equity-settled share-based payments		-	-	-	2.8	2.8	-	2.8
Changes in minority shareholdings		-	-	-	-	-	(0.2)	(0.2)
Tax on share-based payment transactions	3	-	-	(1.3)	-	(1.3)	-	(1.3)
Transfer to retained earnings		-	-	2.5	(2.5)	-	-	-
Balance at 31 December 2015		508.5	1,594.4	208.2	(137.9)	2,173.2	(4.8)	2,168.4
Loss for the year		-	-	(98.9)	-	(98.9)	-	(98.9)
Other comprehensive loss for the year		-	-	(39.7)	(2.1)	(41.8)	(0.2)	(42.0)
Total comprehensive loss for the year		-	-	(138.6)	(2.1)	(140.7)	(0.2)	(140.9)
Dividends	4	-	-	(124.3)	-	(124.3)	-	(124.3)
Issue of share capital		0.2	0.1		-	0.3	-	0.3
Movement on treasury reserve		-	-	-	(1.3)	(1.3)	-	(1.3)
Credit to equity for equity-settled share-based payments		-	-	-	9.1	9.1	-	9.1

Changes in minority shareholdings		-	-	-	-	-	6.6	6.6
Tax on share-based payment transactions	3	-	-	0.7	-	0.7	-	0.7
Transfer to retained earnings		-	-	1.8	(1.8)	-	-	-
Balance at 31 December 2016		508.7	1,594.5	(52.2)	(134.0)	1,917.0	1.6	1,918.6

Accounting Policies of the Group

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union (EU) and therefore comply with Article 4 of the EU International Accounting Standards (IAS) Regulation and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial information for the year ended 31 December 2016 contained in this preliminary announcement was approved by a duly appointed and authorised committee of the Board of Directors on 1 March 2017. The announcement does not constitute statutory accounts of the Company within the meaning of section 435 of the Companies Act 2006, but is derived from those accounts.

Statutory accounts for the year ended 31 December 2015 have been delivered to the Registrar of Companies. Statutory accounts for the year ended 31 December 2016 will be delivered to the Registrar of Companies following the Company's Annual General meeting.

The Group's annual financial statements for the year ended 31 December 2016 have been reported upon by the Group's auditor. The report of the auditor was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

Except as described below, these consolidated financial statements have been prepared in accordance with the accounting policies, presentation and methods of calculation as set out in the Group's consolidated financial statements for the year ended 31 December 2016.

New financial reporting requirements

A number of EU-endorsed amendments to existing standards and interpretations are effective for annual periods beginning on or after 1 January 2016 and have been applied in preparing the Consolidated Financial Statements of the Group. There is no impact on the Group Consolidated Financial Statements from applying these standards.

Financial reporting standards applicable for future financial periods

A number of EU-endorsed standards and amendments to existing standards and interpretations, which are described below, are effective for annual periods beginning on or after 1 January 2017 and have not been applied in preparing the Consolidated Financial Statements of the Group.

The most significant changes to the IFRS framework in these forthcoming standards and amendments to standards are IFRS 9: Financial Instruments (IFRS 9), IFRS 15: Revenue from contracts with customers (IFRS 15) and IFRS 16: Leases.

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities, impairment and hedge accounting. IFRS 15 addresses recognition of revenue from customer contracts and impacts on the amounts and timing of the recognition of such revenue. In 2016 both standards were endorsed by the EU and will become effective on 1 January 2018. The Group is yet to complete its assessment of the impact of IFRS 9 and IFRS 15 on the Consolidated Financial Statements, management's expectations remain that the impact will not be material.

The IASB released IFRS 16: Leases on 13 January 2016. The expected date for adoption into EU-IFRS has not yet been set. Management have not yet their assessment of the impact of the final standard on the Group's financial statements. However, we note that the Group has substantial operating lease commitments. The standard is expected to have a material impact on the Group.

Notes to the Consolidated Financial Statements

1. Segmental information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group Chief Executive to allocate resources to the segments and to assess their performance.

The Group provides information to the Chief Executive on the basis of components that are substantially similar within the segments in the following aspects:

- the nature of the long-term financial performance;
- the nature of the products and services;
- the nature of the production processes;
- the type of class of customer for the products and services; and
- the nature of the regulatory environment.

Based on the above, the operating segments of the Group identified in accordance with IFRS 8 are Flight Support, which comprises Signature Flight Support and ASIG, and Aftermarket Services, which comprises Engine Repair & Overhaul (ERO) and Ontic.

The businesses within the Flight Support segment provide refuelling, ground handling and other services to the Business & General Aviation (B&GA) and commercial aviation markets. The businesses within the Aftermarket Services segment maintain and support engines and aerospace components, sub-systems and systems.

Sales between segments are immaterial.

All alternative performance measures are reconciled to IFRS measures and explained in the alternative performance measures section.

Business segments	Flight Support[1] $m	Aftermarket Services[2] $m	Total $m	Unallocated corporate[3] $m	Total $m
2016					
External revenue					
External revenue from continuing and discontinued operations	1,860.0	705.9	2,565.9	-	2,565.9
Less external revenue from discontinued operations, note 25	(416.8)	-	(416.8)	-	(416.8)
External revenue from continuing operations	1,443.2	705.9	2,149.1	-	2,149.1
Underlying operating profit					
Underlying operating profit from continuing and discontinued operations	303.9	42.0	345.9	(15.8)	330.1
Less underlying operating profit from discontinued operations	(9.9)	-	(9.9)	1.0	(8.9)
Adjusted for intergroup charges for discontinued operations [4]	-	-	-	(18.6)	(18.6)
Underlying operating profit / (loss) from continuing operations	294.0	42.0	336.0	(33.4)	302.6
Underlying operating margin from continuing operations	*20.4%*	*5.9%*	*15.6%*		*14.1%*
Exceptional and other items					
Exceptional and other items from continuing and discontinued operations	(117.4)	(19.8)	(137.2)	-	(137.2)
Less exceptional and other items from discontinued operations	0.7	-	0.7	-	0.7
Exceptional and other items from continuing operations	(116.7)	(19.8)	(136.5)	-	(136.5)
Operating profit/ (loss) from continuing operations	177.3	22.2	199.5	(33.4)	166.1
Impairment of tangible and intangible assets					(184.4)
Net finance costs					(63.9)
Loss before tax from continuing operations					(82.2)

1 Operating profit/ (loss) from continuing operations includes $13.4 million profit (2015: $9.4 million profit) of associates and joint ventures. Flight Support's segment result in 2015 included $4.3 million in respect of a bargain purchase gain in relation to the acquisition of ASIG Panama. As described in the accounting policies in 2015 the Group reclassified its investment in Hong Kong

Business Aviation Centre from a financial instrument to an associate. The reclassification of the investment resulted in the recognition of $5.2 million of operating profit during 2015 which related to prior periods.

2 In 2015 ERO entered into a series of sale and lease-back transactions with respect to parts of its rental engine fleet. The transactions led to the recognition of $39.7 million of revenue.

3 Unallocated corporate balances includes debt, tax, provisions, insurance captives and trading balances from central activities.

4 Costs previously allocated to ASIG.

	Flight Support[1] $m	Aftermarket Services[2] $m	Total $m	Unallocated corporate[3] $m	Total $m
Other information					
Capital additions**	74.2	38.7	112.9	0.1	113.0
Depreciation and amortisation	158.7	24.8	183.5	0.4	183.9

** Capital additions represent cash expenditures in the year.

	Flight Support[1] $m	Aftermarket Services[2] $m	Total $m	Unallocated corporate[3] $m	Total $m
Balance sheet					
Total assets	3,515.7	747.5	4,263.2	(148.5)	4,411.7
Total liabilities	(397.6)	(233.2)	(630.8)	(1,862.3)	(2,493.1)
Net assets / (liabilities)	3,118.1	514.3	3,632.4	(1,713.8)	1,918.6

1. Segmental information - continued

Business segments	Flight Support $m	Aftermarket Services $m	Total $m	Unallocated corporate $m	Total $m
2015 restated					
External revenue					
External revenue from continuing and discontinued operations	1,347.4	782.4	2,129.8	-	2,129.8
Less external revenue from discontinued operations	(415.8)	-	(415.8)	-	(415.8)
External revenue from continuing operations	931.6	782.4	1,714.0	-	1,714.0
Underlying operating profit					
Underlying operating profit from continuing and discontinued operations	158.5	59.6	218.1	(16.1)	202.0
Less underlying operating profit from discontinued operations	(4.1)	-	(4.1)	-	(4.1)
Adjusted for intergroup charges for discontinued operations	-	-	-	(16.4)	(16.4)
Underlying operating profit / (loss) from continuing operations	154.4	59.6	214.0	(32.5)	181.5
Underlying operating margin from continuing operations	*16.6%*	*7.6%*	*12.5%*	-	*10.6%*
Exceptional and other items					
Exceptional and other items from continuing and discontinued operations	(16.7)	(12.0)	(28.7)	(42.5)	(71.2)
Less exceptional and other items from discontinued operations	2.4	-	2.4	-	2.4
Exceptional and other items from continuing operations	(14.3)	(12.0)	(26.3)	(42.5)	(68.8)

Operating profit / (loss) from continuing operations*	140.1	47.6	187.7	(75.0)	112.7
Net finance costs					(35.3)
Profit before tax from continuing operations					77.4

* Operating profit / (loss) from continuing operations includes $9.4 million profit of associates and joint ventures within Flight Support.

Other information					
Capital additions**	55.4	45.9	101.3	2.9	104.2
Depreciation and amortisation	60.7	20.5	81.2	1.6	82.8

** Capital additions represent cash expenditures in the year.

Balance sheet					
Total assets	1,545.2	853.0	2,398.2	976.3	3,374.5
Total liabilities	(258.2)	(160.9)	(419.1)	(787.0)	(1,206.1)
Net assets	1,287.0	692.1	1,979.1	189.3	2,168.4

1. Segmental information - continued

Geographical Segments	Revenue by destination $m	Revenue by origin $m	Capital additions[1] $m	Restated non-current assets[2] $m
2016				
United Kingdom	128.0	320.8	14.7	226.7
Mainland Europe	200.9	54.5	0.2	46.1
North America	2,098.5	2,148.0	92.1	3,117.2
Rest of World	138.5	42.6	6.0	23.5
Total from continuing and discontinued operations	2,565.9	2,565.9	113.0	3,413.5
Less discontinued operations	(416.8)	(416.8)	(10.3)	-
Total from continued operations	2,149.1	2,149.1	102.7	3,413.5
2015				
United Kingdom	212.4	356.0	19.7	216.8
Mainland Europe	116.8	32.0	0.5	34.7
North America	1,665.8	1,705.7	74.9	1,533.0
Rest of World	134.8	36.1	9.1	33.3
Total from continuing and discontinued operations	2,129.8	2,129.8	104.2	1,817.8
Less discontinued operations	(415.8)	(415.8)		
Total from continued operations	1,714.0	1,714.0		

1 Capital additions represent cash expenditures in the year.

2 The disclosure of non-current assets by geographical segment has been amended to exclude deferred tax of $0.4 million (2015: $8.2 million) and financial instrument balances of $13.6 million (2015: $17.1 million) in all periods, as required under IFRS 8.

An analysis of the Group's revenue for the year is as follows:

	Revenue from sale of goods		Revenue from services	
	2016 $m	2015 $m	2016 $m	2015 $m
Flight Support	1,027.2	714.8	832.8	632.6
Aftermarket Services	189.2	187.2	516.7	595.2
	1,216.4	902.0	1,349.5	1,227.8

A portion of the Group's revenue from the sale of goods denominated in foreign currencies is cash flow hedged. Revenue from the sale of goods and services of $1,216.4 million (2015: $902.0 million) includes a gain of $1.2 million (2015: gain of $1.1 million) in respect of the recycling of the effective amount of foreign currency derivatives used to hedge foreign currency revenue.

2. Profit for the year

Profit for the year has been arrived at after charging/(crediting):

Exceptional and other items

Underlying profit is shown before exceptional and other items on the face of the income statement. Exceptional and other items are items which are material or non-recurring in nature and also include costs relating to acquisitions and disposals and amortisation of acquired intangibles. The directors consider that this gives a useful indication of underlying performance and better visibility of key performance indicators.

All alternative performance measures are reconciled to IFRS measures and explained in the alternative performance measures section.

	Note	Administrative expenses 2016 $m	Other operating expenses 2016 $m	Restructuring costs 2016 $m	Total 2016 $m	Administrative expenses 2015 $m	Other operating expenses 2015 $m	Restructuring costs 2015 $m	Total 2015 $m
Restructuring expenses									
ERO footprint rationalisation		-	-	9.9	9.9	-	-	8.3	8.3
Closure of ASIG Singapore		-	-	-	-	-	-	6.8	6.8
Acquisition related									
Amortisation of intangible assets arising on acquisition and valued in accordance with IFRS 3		98.6	-	-	98.6	9.3	-	-	9.3
Landmark integration costs		-	24.9	-	24.9	-	-	-	-
Transaction costs[1]		-	1.5	-	1.5	-	38.4	-	38.4
Other		-	1.6	-	1.6	-	6.0	-	6.0
Operating loss on continuing operations		98.6	28.0	9.9	136.5	9.3	44.4	15.1	68.8
Impairment loss	6				184.4				-
Net finance costs					-				3.5
Loss before tax on continuing operations					320.9				72.3
Tax impact of exceptional and other items					(102.4)				(13.1)
Loss for the year on continuing operations					218.5				59.2
Loss from discontinued operation, net of tax	10				97.5				2.0
Total exceptional and other items					316.0				61.2

1 All transaction costs presented as exceptional and other items in 2016 related to the acquisition by Ontic of GE's Aviation portfolio, see note 24. All transaction costs in 2015 related to the acquisition of Landmark Aviation.

Net cash flows from exceptional items was an out flow of $63.5 million (2015: out flow of $28.6 million).

3. Income tax

Recognised in the Income Statement	2016 $m	2015 Restated $m
Current tax expense	16.0	14.8
Adjustments in respect of prior years - current tax	(1.6)	0.3
Current tax	14.4	15.1
Deferred tax	(78.7)	(6.6)
Adjustments in respect of prior years - deferred tax	1.4	(0.8)
Deferred tax	(77.3)	(7.4)
Income tax (credit)/expense for the year from continuing operations	(62.9)	7.7

UK income tax is calculated at 20% (2015: 20.3%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit as follows:

	2016 $m	2015 Restated $m
(Loss) / profit before tax on continuing operations	(82.2)	77.4
Tax at the rates prevailing in the relevant tax jurisdictions 25.3% (2015: 22.6%)	(20.8)	17.5
Tax effect of offshore financing net of UK CFC charge	(34.1)	(16.9)
Tax effect of expenses that are not deductible in determining taxable profit	16.6	8.1
Items on which deferred tax has not been recognised	1.3	0.9
Tax rate changes	0.2	(0.2)
Difference in tax rates on overseas earnings	(25.9)	(1.1)
Capital gains	-	(0.1)
Adjustments in respect of prior years	(0.2)	(0.5)
Tax (credit)/expense for the year	(62.9)	7.7

The applicable tax rate of 25.3% (2015: 22.6%) represents a blend of the tax rates of the jurisdictions in which taxable profits have arisen. The change from the prior year is due to a change in the proportion of profits that have arisen in each jurisdiction and the benefits associated with certain financing structures implemented.

Tax credited/(expensed) to other comprehensive income and equity is as follows:

Recognised in other comprehensive income	2016 $m	2015 $m
Tax on items that will not be reclassified subsequently to profit or loss		
Current tax credit on pension deficit payments	0.5	2.0
Deferred tax credit/(charge) on actuarial gains/(losses)	9.3	(3.7)
	9.8	(1.7)
Tax on items that may be reclassified subsequently to profit or loss		
Current tax credit on foreign exchange movements	0.7	1.2
Deferred tax credit/(charge) on derivative instruments	2.1	(1.1)
	2.8	0.1
Total tax credit/(charge) within other comprehensive income	12.6	(1.6)
Recognised in equity		
Current tax credit on share-based payments movements	0.1	0.5
Deferred tax charge on share-based payments movements	0.6	(1.8)

Total tax credit/(charge) within equity	0.7	(1.3)
Total tax credit/(charge) within other comprehensive income and equity	13.3	(2.9)

4. Dividends

On 20 May 2016, the 2015 final dividend of 8.68¢ per share (total dividend $87.2 million) was paid to shareholders (2015: the 2014 final dividend of 11.58¢ per share (total dividend $53.8 million) was paid on 22 May 2015).
On 4 November 2016, the 2016 interim dividend of 3.63¢ per share (total dividend $37.1million) was paid to shareholders (2015: the 2015 interim dividend of 4.85¢ per share (total dividend $22.8 million) was paid on 30 October 2015).
In respect of the current year, the directors propose that a final dividend of 9.12¢ per share will be paid to shareholders on 19 May 2017. The proposed dividend is payable to all shareholders on the register of members on 7 April 2017. The total estimated dividend to be paid is $94.0 million. This dividend is subject to approval by shareholders at the AGM and, in accordance with IAS 10: Events after the Reporting Period, has not been included as a liability in these financial statements.

5. Earnings per share

All alternative performance measures are reconciled to IFRS measures and explained in the alternative performance measures section.
The calculation of the basic and diluted earnings per share is based on the following data:

	Continuing 2016 $m	Continuing 2015 Restated $m	Total 2016 $m	Total 2015 Restated $m
Basic and diluted				
Earnings:				
Profit / (loss) for the year	(19.3)	69.7	(98.9)	83.1
Non-controlling interests	(0.4)	0.5	-	0.1
Basic earnings attributable to ordinary shareholders	(19.7)	70.2	(98.9)	83.2
Exceptional items (net of tax)	218.5	59.2	316.0	61.2
Adjusted earnings for adjusted earnings per share	198.8	129.4	217.1	144.4
Underlying deferred tax	27.7	4.3	35.6	9.8
Cash earnings for earnings per share	226.5	133.7	252.7	154.2
Number of shares				
Weighted average number of $29^{16}/_{21}$p ordinary shares:				
For basic earnings per share	1,026.6	718.6	1,026.6	718.6
Dilutive potential ordinary shares from share options	9.9	2.9	9.9	2.9
For diluted earnings per share - Unadjusted	1,026.6	721.5	1,026.6	721.5
For diluted earnings per share - adjusted	1,036.5	721.5	1,036.5	721.5
Earnings per share				
Basic:				
Adjusted	19.4¢	18.0¢	21.1¢	20.1¢

Cash	22.1¢	18.6¢	24.6¢	21.5¢
Unadjusted	(1.9)¢	9.8¢	(9.6)¢	11.6¢
Diluted:				
Adjusted	19.2¢	17.9¢	20.9¢	20.0¢
Cash	21.9¢	18.5¢	24.4¢	21.4¢
Unadjusted	(1.9)¢	9.7¢	(9.6)¢	11.5¢

Adjusted earnings per share is presented calculated on earnings before exceptional and other items (note 2) and using current tax charge, not the total tax charge for the period thereby excluding the deferred tax charge. Both adjustments have been made because the directors consider that this gives a useful indication of underlying performance.

6. Intangible assets

	Goodwill 2016 $m	Licences and contracts 2016 $m	Computer software 2016 $m	Total 2016 $m	Goodwill 2015 $m	Licences and contracts 2015 $m	Computer software 2015 $m	Total 2015 $m
Cost								
Beginning of year	889.6	360.9	47.7	1,298.2	897.9	331.6	40.1	1,269.6
Exchange adjustments	(10.0)	(16.3)	(0.6)	(26.9)	(9.5)	(5.0)	(0.2)	(14.7)
Acquisitions	557.7	1,251.7	-	1,809.4	-	27.9	-	27.9
Acquisitions in prior years	-	0.7	-	0.7	1.2	-	-	1.2
Additions	-	0.2	0.6	0.8	-	7.1	1.8	8.9
Impairments on classification as held for sale /write offs	(114.0)	(0.2)	-	(114.2)	-	-	(1.1)	(1.1)
Transfer to assets held for sale	(70.6)	(16.3)	(1.5)	(88.4)	-	-	-	-
Disposals	-	-	(0.3)	(0.3)	-	(0.2)	-	(0.2)
Transfers (to)/from other asset categories	-	5.4	(3.1)	2.3	-	(0.5)	7.1	6.6
End of year	1,252.7	1,586.1	42.8	2,881.6	889.6	360.9	47.7	1,298.2
Amortisation								
Beginning of year	-	(115.0)	(27.4)	(142.4)	-	(92.6)	(25.4)	(118.0)
Exchange adjustments	-	5.2	0.6	5.8	-	2.0	0.1	2.1
Amortisation charge for the year	-	(112.0)	(2.2)	(114.2)	-	(20.6)	(3.7)	(24.3)
Impairment charges	(138.8)	(12.8)	-	(151.6)	-	-	1.0	1.0
Transfer to assets held for sale	-	10.6	1.1	11.7	-	-	-	-
Disposals	-	-	0.3	0.3	-	0.2	-	0.2
Transfers to other asset categories	-	0.9	0.1	1.0	-	(4.0)	0.6	(3.4)
End of year	(138.8)	(223.1)	(27.5)	(389.4)	-	(115.0)	(27.4)	(142.4)
Carrying amount End of year	1,113.9	1,363.0	15.3	2,492.2	889.6	245.9	20.3	1,155.8
Beginning of year	889.6	245.9	20.3	1,155.8	897.9	239.0	14.7	1,151.6

Included within the amortisation charge for intangible assets of $114.2 million (2015: $24.3 million) is amortisation of $99.4 million (2015: $11.7 million) in relation to the amortisation of intangible assets acquired and valued in accordance with IFRS 3 and disclosed as an exceptional and other items.

Included within the acquisitions of $1,809.4 million (2015: $27.9 million) is $2.5 million (2015: $10.6 million) of Ontic licence acquisitions which are not accounted for as a business combination under IFRS and hence not presented under note 9.

Licences and contracts are amortised over the period to which they relate, which is on average sixteen years (2015: sixteen years) but with a wider range, with some up to 60 years in duration. Computer software is amortised over its estimated useful life, which is on average five years (2015: five years).

Transfers to assets held for sale relates to the ASIG business as disclosed in note 10.

Goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from the business combination. The carrying amount of goodwill has been allocated as follows:

	2016 $m	2015 $m
Flight Support:		
Signature Flight Support	1,048.7	496.0
ASIG (discontinued operations)	70.6	185.9
Aftermarket Services:		
Engine Repair & Overhaul	-	140.1
Ontic	65.2	67.6
Total goodwill from continuing and discontinued operations	1,184.5	889.6
Total goodwill from continuing operations	1,113.9	703.7
Total goodwill from discontinued operations	70.6	185.9

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The Group has determined the recoverable amount of each CGU from value-in-use calculations. The value-in-use calculations are based on cash flow forecasts derived from the most recent budgets and detailed financial projections for the next five years, as approved by management, with a terminal growth rate after five years. The resultant cash flows are discounted using a pre-tax discount rate appropriate for the relevant CGU.

Key assumptions

The key assumptions for the value-in-use calculations are as follows.

Sales volumes, selling prices and cost increases over the five years covered by management's detailed plans

Sales volumes are based on industry forecasts and management estimates for the businesses in which each CGU operates, including forecasts for Business & General Aviation (B&GA) flying hours, aircraft engine cycles and US military spending. Selling prices and cost increases are based on past experience and management expectations of future changes in the market. The extent to which these assumptions affect each principal CGU with a significant level of goodwill are described below.

Signature Flight Support and Engine Repair & Overhaul (ERO) both operate in the B&GA market. Signature Flight Support is the world's largest and market-leading Fixed base operation (FBO) network for business aviation providing full services support for B&GA travel, focused on passenger handling and customer amenities such as refuelling, hangar and office rentals, and other technical services. ERO is a leading independent engine repair service provider to the B&GA market with strong relationships with all major engine OEMs.

Ontic operates in the Military and Commercial sectors and is the leading provider of high-quality, cost-effective solutions in the continuing support of maturing aerospace platforms to the major aerospace OEMs and airframe operators.

In B&GA, growth is measured principally in relation to B&GA flying hours. Over the longer term, the key drivers for B&GA remain the same as historically - continued growth in GDP and total wealth, the increasing value of people's time, corporate confidence and corporate activity levels. The unusual nature of the 2007-2009 crisis and the halting return to growth have meant that, although corporate profits have recovered and confidence is now improving, investment in aircraft and flight activity continue to lag. Modest growth in the economies of the majority of the top 20 business aviation markets worldwide is a key factor affecting new aircraft orders and sales of pre-owned aircraft.

B&GA flight activity in the US continued to grow during 2016, with movements up 1% year on year. US B&GA monthly flight activity cycles were positive for the majority of the period with growth every month from August, albeit against slightly weak comparator months in 2015. In Europe, B&GA aircraft movements were up 2% for the year, a significant improvement, but against a weak comparator of -3% in 2015.

Trends in military aviation are likely to improve as the global defence market begins to recover after years of pressure due to budget retrenchment. Life extension programmes continue to be important as the US military aircraft ages. The current US Air Force fleet is more than 25 years old on average, with some platforms significantly older. Average age is expected to continue to rise despite budget increases.

Growth rates used for the periods beyond those covered by management's detailed plans

Growth rates are derived from management's estimates, which take into account the long-term nature of the industry in which each CGU operates, external industry forecasts of long-term growth in the aerospace and defence sectors, the maturity of the platforms supplied by the CGU and the technological content of the CGU's products. For the purpose of impairment testing, a conservative approach has been used and where the derived rate is higher than the long-term GDP growth rates for the countries in which the CGU operates, the latter has been used. As a result, an estimated growth rate of 2.0% (2015: 2.2%) has been used for the flight support and Ontic CGUs, which reflects forecast long-term US GDP growth. ERO has an estimated long term growth rate of 1% as set out in more detail in the following section on ERO impairment.

Discount rates applied to future cash flows

The Group's pre-tax weighted average cost of capital (WACC) has been used as the foundation for determining the discount rates to be applied. The WACC has then been adjusted to reflect risks specific to the CGU not already reflected in the future cash flows for that CGU. The discount rate used was 7.3% (2015: 8.4%) for the CGUs within Flight Support and 9.4% to 9.6% (2015: 9.2% to 9.6%) for the CGUs within Aftermarket Services.

Sensitivity analysis

Both the ERO CGUs, Dallas Airmotive (DAI) and H&S Aviation (H+S) have recognised impairment in 2016, see below. In relation to ASIG CGUs the operations were held for sale at 31 December 2016 and subsequently have been sold. The business' assets were impaired in 2016 based on the fair market value established in that disposal process, see notes 10 and 11.

In relation to Signature Flight Support and Ontic a sensitivity analysis management has concluded that for these CGUs no reasonably foreseeable change in the key assumptions used in the impairment model would result in a significant impairment charge being recorded in the financial statements.

ERO impairment

Management previously reported that a reasonably possible change in the key assumptions used in the impairment model could result in an impairment charge for DAI.

The ERO trading conditions remained challenging during the year, with no recovery in legacy mid-cabin fixed wing and rotorcraft flying visible for the engine platforms on which ERO operates. This coupled with continued pressure on pricing and workscopes, has led to another disappointing ERO result. Engine trading is much reduced and this, together with further margin pressure arising from OEM actions, and reduced demand for lease engines, was only partially offset by the limited cost savings so far delivered through the footprint restructuring programme and additional cost reduction actions. As a result of this performance and with no visible recovery in legacy mid-cabin fixed wing and rotorcraft flying, an impairment review was carried out at 30 June 2016 for both the DAI and H+S CGUs within the ERO business.

Key assumptions used in the ERO impairment test

The key assumptions for the value-in-use calculations are consistent with the year end goodwill impairment test as set out above, with the exception of discount rates which are set out below.

Despite the level of B&GA growth in flying hours the authorised engine platforms at DAI and H+S are no longer projected to experience this level of growth as DAI & H+S do not have engine authorisations for a number of the engine platforms that are now projected to have above average growth. Cuts to the US military budget continue to negatively impact the flight activity of some platforms and thus maintenance spend.

As a result, the significant improvement in performance included in the ERO forecast period for the purposes of the 31 December 2015 impairment review is no longer expected to be achieved. For the impairment model used at 31 December 2015, the average annual growth rate in EBITDA across 2016-2020 was 11%. For the impairment model used at 30 June 2016, the average annual growth rate for the equivalent period is now assumed to be 1.3%.

Beyond the 5 year forecast period, a conservative approach has been used of 1% long-term growth which reflects the declining nature of the existing platforms on which DAI and H+S are currently operating and we have assumed that new engine authorisation acquisitions, which would require significant further investment are not secured. This compares to a long-term growth rate of 2.2% used previously which broadly reflected the GDP growth rate over the long-term. The weaker outlook for the DAI and H+S engine platforms relative to the markets as a whole has resulted in the reduction of the long-term growth rate to 1%.

The Group's pre-tax weighted average cost of capital (WACC) was used as the foundation for determining the discount rates to be applied. The WACC was then adjusted to reflect risks specific to the CGU not already reflected in the future cash flows for that CGU. The discount rate used for the impairment was 10.9% (31 December 2015: 9.5%) for the DAI CGU and 10.4% (31 December 2015: 9.2%) for the H+S CGU.

Impairment recognised

Following testing it was concluded that the carrying value of the DAI and H+S CGUs exceeded their recoverable values. Accordingly in the Group's interim report as at 30 June 2016 management recognised an impairment loss for the DAI and H+S CGU assets to bring them to their value-in use. A further impairment review as at 31 December 2016 was undertaken for both the DAI and H+S CGU assets as set out above. The review concluded that there was no material change in the outlook or the discount rate for the CGUs. The table below summarises the allocation of the impairment loss for each asset class within both CGUs.

	Goodwill	Intangible Assets	Property Plant & Equipment	Total
	$m	$m	$m	$m
DAI carrying value before impairment	124.2	28.9	92.3	245.4
H+S carrying value before impairment	14.6	12.8	25.7	53.1
Total ERO carrying value before impairment	138.8	41.7	118.0	298.5
DAI impairment to recoverable amount	124.2	8.3	24.4	156.9
H+S impairment to recoverable amount	14.6	4.5	7.2	26.3
Total ERO impairment to recoverable amount	138.8	12.8	31.6	183.2

DAI carrying value after impairment	-	20.6	67.9	88.5
H+S carrying value after impairment	-	8.3	18.5	26.8
Total ERO carrying value after impairment	-	28.9	86.4	115.3

	Goodwill	Intangible Assets	Property Plant & Equipment	Total
	$m	$m	$m	$m
Impairment on the balance sheet	138.8	12.8	31.6	183.2
Disposal of impaired assets	-	-	1.2	1.2
Impairment in profit or loss	138.8	12.8	32.8	184.4

The Group has determined the recoverable amount of each CGU from value-in-use calculations and our best estimate of proceeds relating to certain asset disposals associated with our ERO footprint rationalisation.

7. Borrowings

	2016 $m	2015 $m
Bank overdrafts	1.0	12.0
Bank loans	1,036.2	-
Loan notes	507.3	507.8
Other loans	3.2	3.6
	1,547.7	523.4
The borrowings are repayable as follows:		
On demand or within one year	1.0	12.3
In the second year	121.8	-
In the third to fifth years inclusive	1,214.4	122.8
After five years	210.5	388.3
	1,547.7	523.4
Less: Amount due for settlement within 12 months (shown within current liabilities)	(1.0)	(12.3)
Amount due for settlement after 12 months	1,546.7	511.1

Current year bank loans and loan notes are stated after their respective transaction costs and related amortisation.

2016

Type	**Facility Amount**	**Principal**	**Amortisation costs**	**Fair value adjustment**	**Drawn**	**Headroom**	**Facility Date**	**Maturity Date**
	$m	$m	$m	$m	$m	$m		
Multicurrency revolving bank credit facility	650.0	230.0	(1.8)	-	228.2	420.0	Apr 2014	Apr 2019
Acquisition facility bank term loan - Facility B[1]	363.4	363.4	(1.8)	-	361.6		Sep 2015	Feb 2019
Acquisition facility Bank term loan - Facility C[1]	450.0	450.0	(3.6)	-	446.4		Sep 2015	Sep 2020
Total bank loans					**1,036.2**			
$300m US private placement senior notes - Series A	120.0	120.0	(0.3)	2.1	121.8		May 2011	May 2018
$300m US private placement senior notes - Series B	120.0	120.0	(0.3)	4.1	123.8		May 2011	May 2021
$300m US private placement senior notes - Series C	60.0	60.0	(0.2)	0.2	60.0		May 2011	May 2023
$200m US private placement senior notes - Series A	50.0	50.0	(0.2)	1.7	51.5		Dec 2014	Dec 2021
$200m US private placement senior notes - Series B	100.0	100.0	(0.3)	0.4	100.1		Dec 2014	Dec 2024
$200m US private placement senior notes - Series C	50.0	50.0	(0.2)	0.3	50.1		Dec 2014	Dec 2026
Total loan notes					**507.3**			

Type	Facility Amount	Principal	Amortisation costs	Fair value adjustment	Drawn	Headroom
Bank overdraft - UK cash pool					1.0	
Other loans					3.2	
	1,963.4				**1,547.7**	**420.0**

[1] Initial drawings under the Landmark Aviation acquisition debt facilities were for $1,000 million drawn under three facilities - Facility A, Facility B and Facility C. Facility A was a short-term bridge to disposal facility which was fully repaid on 30 June 2016 from the proceeds of $187 million from the disposal of the FBO bases as part of the requirements of the U.S. Department of Justice under the terms of the regulatory approval following the acquisition of Landmark Aviation. The balance of the proceeds $37 million were used to prepay part of Facility B under the requirements of the loan documentation.

2015

Type	**Facility Amount**	**Principal**	**Amortisation costs**	**Fair value adjustment**	**Drawn**	**Headroom**	**Facility Date**	**Maturity Date**
	$m	$m	$m	$m	$m	$m		
Multicurrency revolving bank credit facility	650.0	-	-	-	-	650.0	Apr 2014	Apr 2019
Acquisition facility bank term loan - Facility A	150.0	-	-	-	-		Sep 2015	Aug 2016
Acquisition facility bank term loan - Facility B	400.0	-	-	-	-		Sep 2015	Feb 2019
Acquisition facility Bank term loan - Facility C	450.0	-	-	-	-		Sep 2015	Sep 2020
Total bank loans					**-**			
$300m US private placement senior notes - Series A	120.0	120.0	(4.1)	3.9	119.8		May 2011	May 2018
$300m US private placement senior notes - Series B	120.0	120.0	(0.5)	5.5	125.0		May 2011	May 2021
$300m US private placement senior notes - Series C	60.0	60.0	(0.3)	0.7	60.4		May 2011	May 2023
$200m US private placement senior notes - Series A	50.0	50.0	(0.2)	2.3	52.1		Dec 2014	Dec 2021
$200m US private placement senior notes - Series B	100.0	100.0	(0.4)	0.8	100.4		Dec 2014	Dec 2024
$200m US private placement senior notes - Series C	50.0	50.0	(0.2)	0.3	50.1		Dec 2014	Dec 2026
Total loan notes					**507.8**			
Bank overdraft - UK cash pool					12.0			
Other loans					3.6			
	2,150.0				**523.4**	**650.0**		

As at 31 December 2016, the Group had $500 million of U.S. private placement senior loan notes outstanding with $400 million accounted for at fair value through profit and loss as the fair value interest rate risk has been hedged from fixed to floating rates. The remainder is accounted for at amortised cost.

Under IFRS hedge accounting rules the fair value movement on the loan notes is booked to interest and is offset by the fair value movement on the underlying interest rate swaps.

The Group includes the fair value gain on the interest rate swaps in relation to the loan notes within net debt so that the net effect is to show the $500 million US private placement at face value and to reflect the fact that the liabilities will be in place until maturity. More information is included in note 17.

All other borrowings are held at amortised cost.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Sterling $m	US dollar $m	Euro $m	Other $m	Total $m
31 December 2016					
Bank overdrafts	0.2	-	0.8	-	1.0

Bank loans	-	1,036.2	-	-	1,036.2
Loan notes	-	507.3	-	-	507.3
Other loans	0.2	3.0	-	-	3.2
	0.4	1,546.5	0.8	-	1,547.7

31 December 2015					
Bank overdrafts	8.6	2.3	0.1	1.0	12.0
Loan notes	-	507.8	-	-	507.8
Other loans	0.3	3.0	-	0.3	3.6
	8.9	513.1	0.1	1.3	523.4

The average floating interest rates on borrowings are as follows:

	2016	2015
Sterling	1.4%	1.5%
US dollar	2.5%	0.5%
Euros	0.0%	0.2%

The Group's borrowings are funded through a combination of fixed and floating rate debt. The floating rate debt exposes the Group to cash flow interest rate risk whilst the fixed rate US dollar private placement loan notes exposes the Group to changes in the fair value of fixed rate debt due to changes in interest rates. Interest rate risk is managed by the combination of fixed rate debt and interest rate swaps in accordance with pre-agreed policies and authority limits. As at 31 December 2016, 65% (2015: 77%) of the Group's borrowings are fixed at a weighted average interest rate of 3.3% (2015: 3.2%) for a weighted average period of three years (2015: four years).
Bank overdrafts are repayable on demand. All bank loans and loan notes are unsecured.

8. Cash flow from operating activities

All alternative performance measures are reconciled to IFRS measures and explained in the alternative performance measures section.

	2016 $m	2015 $m
Operating profit	166.1	112.7
Operating profit from discontinued operations	26.8	18.1
Share of profit from associates and joint ventures	(13.4)	(9.6)
Profit from operations	179.5	121.2
Depreciation of property, plant and equipment	69.7	58.5
Amortisation of intangible assets	114.2	24.3
(Profit)/loss on sale of property, plant and equipment	(4.3)	(3.7)
Share-based payment expense	6.1	2.8
(Decrease) / Increase in provisions	(7.8)	5.7
Pension scheme payments	(6.6)	(15.3)
Other non-cash items	2.5	21.0
Unrealised foreign exchange movements	1.3	0.6
Operating cash inflows before movements in working capital	354.6	215.1
Decrease / (increase) in working capital	36.1	(21.7)
Cash generated by operations	390.7	193.4
Net income taxes paid	(15.8)	(5.0)
Net cash inflow from operating activities	374.9	188.4
Dividends received from associates	2.4	3.4
Purchase of property, plant and equipment	(101.6)	(81.8)
Purchase of intangible assets*	(0.8)	(8.9)
Proceeds from disposal of property, plant and equipment	11.1	16.7

Interest received	2.7	11.7
Interest paid	(64.5)	(41.1)
Interest element of finance leases paid	(0.1)	-
Free cash flow	224.1	88.4

* Purchase of intangible assets excludes $10.6 million (2015: $13.5 million) paid in relation to Ontic licenses, since the directors believe these payments are more akin to expenditure in relation to acquisitions, and are therefore outside of the Group's definition of free cash flow. These amounts are included within purchase of intangible assets on the face of the Cash Flow Statement.

9. Acquisition of businesses

During the period the Group made the following acquisitions:
On 5 February 2016 the Group completed the acquisition, acquiring control and 100% of the shareholding of Landmark Aviation for a total consideration of $2,079.4 million following the receipt of clearance under the U.S. Hart-Scott-Rodino Act as announced on 3 February 2016.
On 1 April 2016, SFS UK Limited, a subsidiary company, acquired control and 60% of the shareholding in Prime Aviation Services for a total consideration of $1.5 million, being cash consideration of $1.3 million and deferred consideration of $0.2 million, which was settled during 2016. Prime Aviation Services operates FBO's at four locations in Italy.
On 30 June 2016 the Group's Ontic business acquired the manufacturing rights and processes from Pratt & Whitney Canada for selected JT15D engine component parts for a total consideration of $17.0 million, $4.0 million of which is deferred as at 31 December 2016. The rights and processes acquired in this acquisition constitute a business under the definition of IFRS 3.
On 30 December 2016 the Group's Ontic business reached agreement to acquire a portfolio of legacy avionics products from GE Aviation, for a cash consideration of $61.5 million on a cash and debt free basis, all of which is deferred. The total consideration of $57.9 million presented below represents the $61.5 million less customer advances acquired of $3.6 million, presented as payables. The Business comprises a portfolio of legacy avionics parts servicing the military and commercial aviation markets, including electro mechanical, barometric, gyroscopes and electronics products.
On 30 December 2016 the Group's Ontic business acquired the manufacturing rights and processes from Ultra Electronics to support the Bombardier Q400 Propeller Engine Control product for a total consideration of $6.8m.
In the year an increase in intangible assets totalling $0.7 million has been recognised in the measurement period in respect of prior year acquisitions in Aftermarket Services as a result of completing final fair value exercises.
The fair value of the net assets acquired and goodwill arising on these acquisitions are set out below:

	Prime Aviation Services $m	Landmark $m	Flight Support $m	Ontic JT15D parts series 2016 $m	Ontic JT15D parts series 2015 $m	Ontic GE Aviation portfolio $m	Ontic Q400 parts series $m	Aftermarket services $m	**Total 2016 $m**
Intangible assets	1.2	1,160.4	1,161.6	18.4	0.7	60.1	9.1	88.3	1,249.9
Property, plant and equipment	0.4	320.1	320.5	-	-	-	-	-	320.5
Assets classified as held for sale	-	186.2	186.2	-	-	-	-	-	186.2
Investments in associates and joint ventures	-	26.3	26.3	-	-	-	-	-	26.3
Inventories	0.1	10.6	10.7	0.3	(0.3)	11.0	-	11.0	21.7
Receivables	0.6	41.6	42.2	-	-	1.3	-	1.3	43.5
Payables	(1.3)	(60.6)	(61.9)	-	-	(3.6)	-	(3.6)	(65.5)
Provisions	-	(17.5)	(17.5)	(1.7)	(0.4)	(1.5)	(0.7)	(4.3)	(21.8)
Taxation	0.3	(145.7)	(145.4)	-	-	(11.5)	(1.6)	(13.1)	(158.5)
Cash	0.5	5.0	5.5	-	-	-	-	-	5.5
Finance leases	-	(2.2)	(2.2)	-	-	-	-	-	(2.2)
Net assets	1.8	1,524.2	1,526.0	17.0	-	55.8	6.8	79.6	1,605.6

Non-controlling interests	(0.7)	-	(0.7)	-	-	-	-	-	(0.7)
Goodwill	0.4	555.2	555.6	-	-	2.1	-	2.1	557.7
Total consideration (including deferred consideration)	1.5	2,079.4	2,080.9	17.0	-	57.9	6.8	81.7	2,162.6
Satisfied by:									
Cash	1.5	2,079.4	2,080.9	13.0	0.8	-	6.8	20.6	2,101.5
Deferred consideration	-	-	-	4.0	-	57.9	-	61.9	61.9
Net cash consideration	1.5	2,079.4	2,080.9	17.0	0.8	57.9	6.8	82.5	2,163.4
Net cash flow arising on acquisition									
Cash consideration	1.5	2,079.4	2,080.9	13.0	0.8	-	6.8	20.6	2,101.5
Cash and cash equivalents acquired	(0.5)	(5.0)	(5.5)	-	-	-	-	-	(5.5)
Debt acquired	-	2.2	2.2	-	-	-	-	-	2.2
Directly attributable costs	-	-	-	-	-	-	-	-	-
	1.0	2,076.6	2,077.6	13.0	0.8	-	6.8	20.6	2,098.2

With the exception of the acquisition of Landmark and Ontic's JT15D 2015 parts series, all fair values are provisional.

All acquisition costs incurred in the year are in relation to the acquisition of Ontic's GE Aviation portfolio. In 2015 all acquisition costs related to the Landmark Aviation acquisition. In both periods these costs were recognised as part of transaction costs under exceptional and other items. Refer to note 2 for further details.

As a material transaction the Landmark Aviation transaction is presented separately below. The following disclosure relates to all transactions in the year.
In 2016 $0.8 million of deferred consideration was paid in relation to prior year acquisitions in Ontic. In the prior year $1.1 million of deferred consideration was paid in relation to prior year acquisitions in Flight Support.
The goodwill arising on these acquisitions is attributable to anticipated future operating synergies. $92.7 million of the goodwill is expected to be deductible for income tax purposes.
In the period since acquisition, the operations acquired have contributed $549.2 million and $133.7 million to revenue and operating profit respectively. If the acquisitions had occurred on the first day of the financial year, the total revenue and operating profit from these acquisitions is estimated to be $658.0 million and $156.5 million respectively.
The fair value of the financial assets includes receivables with a fair value and book value of $43.5 million. The best estimate at the acquisition date of the contractual cash flows not expected to be collected is $nil.

9. Acquisition of businesses - continued

Landmark Aviation

	Net book value on the opening balance sheet $m	Debt and interest repaid on acquisition $m	Fair value adjustments $m	Landmark Aviation Total $m
Intangible assets	767.7	-	392.7	1,160.4
Property, plant and equipment	325.3	-	(5.2)	320.1
Assets classified as held for sale	75.6	-	110.6	186.2
Investment in associates	13.3	-	13.0	26.3
Inventories	13.7	-	(3.1)	10.6
Receivables	68.2	-	(26.6)	41.6
Cash	5.0	-	-	5.0
Finance leases	(2.2)	-	-	(2.2)
Payables	(67.7)	-	7.1	(60.6)
Provisions	(1.7)	-	(15.8)	(17.5)
Taxation	(69.2)	-	(76.5)	(145.7)

	Net book value on the opening balance sheet $m	Debt and interest repaid on acquisition $m	Fair value adjustments $m	Landmark Aviation Total $m
Borrowings	(907.5)	907.5	-	-
Net assets	220.5	907.5	396.2	1,524.2
Goodwill				555.2
Total consideration satisfied by cash				2,079.4

Investments in associates relate to the Group's interest in Landmark's Aircraft Management and Charter business. Though wholly owned by the Group throughout 2016, due to restrictions on our ability to control the business as a non-US citizen has been accounted for as an associate undertaking. See note 10 for further details.

The goodwill arising on the acquisition is attributable to the anticipated profitability arising from the growth of the Signature network and anticipated future operating synergies. $92.7 million of the goodwill is expected to be deductible for income tax purposes.

In the period since acquisition, amortisation totalling $85.0 million has been recognised in relation to intangible assets identified and accounted for relating to the Landmark Acquisition. The Intangible assets relate to the right to operate at the Landmark FBO locations and are being amortised based on their individual useful lives which range up to 58 years with an average life of 18 years.

In the period since acquisition, the operations of Landmark Aviation have contributed $540.3 million and $132.7 million to revenue and underlying operating profit respectively. $21.9 million of underlying operating profit recognised in the period resulted from realised synergies. If the acquisition had occurred on the first day of the financial year, the total revenue and underlying operating profit from these acquisitions is estimated to be $607.0 million and $143.9 million respectively.

The fair value of the financial assets includes receivables with a fair value and book value of $41.6 million. The best estimate at the acquisition date of the contractual cash flows not expected to be collected is $nil.

10. Disposals and assets and associated liabilities classified as held for sale

FBO disposals

Under the terms of the regulatory approval in connection with the acquisition of Landmark Aviation, the Company was required to sell six legacy Landmark Aviation FBOs at: Westchester County Airport, New York; Washington Dulles International Airport, Virginia; Scottsdale Airport, Arizona; Ted Stevens Anchorage International Airport, Alaska; Jacqueline Cochran Regional Airport, California; and part of the Landmark facilities at Fresno Yosemite International Airport. As a result the six FBOs referred to above were classified as a disposal group and held for sale from the date of acquisition. Though the operations were wholly owned by the Group, as a result of the restrictions placed upon our influence by the requirements of the U.S. Department of Justice, the results of the operations have been accounted for as an associate undertaking up until the point of sale.

In March 2016 the group announced the sale of six FBOs, as agreed with the U.S. Department of Justice under the terms of the regulatory approval for the acquisition of Landmark Aviation, for an aggregate consideration of $190 million to affiliates of KSL Capital Partners, LLC ("the transaction"). The transaction closed on 30 June.

Net cash proceeds totalled $184.7 million after adjusting for the impact of working capital. There was no gain or loss recognised on the transaction. In the period of the Group's ownership the disposal group contributed $nil million of revenues and $7.9 million of underlying operating profit which is included in the share of profits of associates and joint ventures in the consolidated income statement.

ASIG divestiture

It was announced in March 2016 that following significant inbound interest management were assessing value maximising options for the Group's investment in the ASIG business, part of the Flight Support segment. At the beginning of April 2016 management committed to a plan to sell substantially all of the ASIG business and as such at that point the relevant assets and liabilities were classified as held for sale. At that time as a major line of the Group's business the ASIG operations were also classified as a discontinued operation.

ASIG was not previously classified as held for sale or as a discontinued operation. The comparative consolidated profit or loss and other comprehensive income has been restated to show the discontinued operation separately from continuing operations. Following it's classification as held for sale the asset group is held at fair value less cost to sell.

On 16 September 2016 the Group announced that it had reached agreement with John Menzies plc on the terms of the sale of the ASIG business. The transaction completed on 31 January 2017, further detail is provided in note 11.

The fair values of the assets held for sale are categorised within Level 2 of the fair value hierarchy on the basis that their fair value has been calculated using inputs that are observable in active markets which are related to the individual asset or liability.

10. Disposals and assets and associated liabilities classified as held for sale - Continued

Results of discontinued operations

				2016			Restated 2015
	Notes	Underlying[1] $m	Exceptional and other Items $m	Total $m	Underlying[1] $m	Exceptional and other Items $m	Total $m
Revenue	2	416.8	-	416.8	415.8	-	415.8
Cost of sales		(373.9)	-	(373.9)	(381.2)	-	(381.2)
Gross profit		42.9	-	42.9	34.6	-	34.6
Distribution costs		(2.0)	-	(2.0)	(1.3)	-	(1.3)
Administrative expenses		(31.9)	(0.7)	(32.6)	(35.1)	(2.4)	(37.5)
Other operating income		1.1	-	1.1	5.7	-	5.7
Share of profits of associates and joint ventures	10	-	-	-	0.2	-	0.2
Other operating expenses		(1.2)	-	(1.2)	-	-	-
Operating profit/(loss) incl. group charges		8.9	(0.7)	8.2	4.1	(2.4)	1.7
Elimination of internal group charges		18.6	-	18.6	16.4	-	16.4
Operating profit/(loss)	1, 2	27.5	(0.7)	26.8	20.5	(2.4)	18.1
Impairment and other charges on classification as held for sale [2]		-	(109.1)	(109.1)	-	-	-
Investment income		0.3	-	0.3	0.2	-	0.2
Finance costs		(0.4)	-	(0.4)	(0.4)	-	(0.4)
Profit/(loss) before tax		27.4	(109.8)	(82.4)	20.3	(2.4)	17.9
Tax (charge)/credit		(9.5)	12.3	2.8	(4.9)	0.4	(4.5)
Profit/(loss) for the period		17.9	(97.5)	(79.6)	15.4	(2.0)	13.4
Attributable to:							
Equity holders of BBA Aviation plc		18.3	(97.5)	(79.2)	15.0	(2.0)	13.0
Non-controlling interests		(0.4)	-	(0.4)	0.4	-	0.4
Profit/(loss) for the period		17.9	(97.5)	(79.6)	15.4	(2.0)	13.4

Earnings per share	Note	Adjusted[1]	Unadjusted	Adjusted[1]	Unadjusted
Basic	55	**1.7¢**	(7.7)¢	2.1¢	1.8¢
Diluted	56	**1.7¢**	(7.7)¢	2.1¢	1.8¢

[1] Underlying profit and adjusted earnings per share is stated before exceptional and other items.

[2] The impairment of $109.1 million reported in exceptional and other items includes $114.0 million impairment of net assets held for sale to fair value less costs to sell, $1.0 million impairment of ASIG Singapore assets, $6.3 million impairment of non- controlling interest reserve, $7.3 million of deal costs incurred in 2016 and $19.5 million gain on the write off deferred tax assets and liabilities relating to the disposal group.

All alternative performance measures are reconciled to IFRS measures and explained in the alternative performance measures section.

10. Disposals and assets and associated liabilities classified as held for sale - Continued

All exceptional items relate to the amortisation of intangibles assets arising on acquisition and valued in accordance to IFRS 3.

Cash flows from / (used in) discontinued operation

	2016 $m	2015 $m
Net cash inflow from operating activities	18.8	18.9
Net cash outflow from investing activities	(10.0)	(1.3)
Net cash inflow/ (outflow) from financing activities	(1.7)	(0.8)
Net cash flows for the year	7.1	16.8

Effect of the disposal group on financial position of the group

	Notes	2016 $m	2015 $m
Assets held for sale			
Non-current assets			
Goodwill	6	70.6	185.9
Other intangible assets	6	6.1	6.6
Property, plant and equipment		63.4	59.1
		140.1	251.6
Current assets			
Inventories		4.0	3.6
Trade receivables		72.9	54.3
Other receivables		27.9	39.0
Cash and cash equivalents		22.8	15.7
		127.6	112.6
Total assets held for sale		267.7	364.2
Liabilities held for sale			
Current liabilities			
Trade payables		(38.0)	(36.8)
Other payables		(33.6)	(32.4)
Tax liabilities		(0.2)	-
Borrowings	16	-	(0.9)
Provisions		(0.6)	-
		(72.4)	(70.1)
Non-current liabilities			
Borrowings	16	-	(0.4)
Other payables	13	(16.9)	(17.8)
Provisions	18	-	(0.1)
		(16.9)	(18.3)
Total liabilities held for sale before tax		(89.3)	(88.4)
Net assets held for sale		**178.4**	**275.8**

11. Post balance sheet events

It was announced on 16th September 2016 that the Group had reached agreement with John Menzies plc ("Menzies") on the terms of the sale of ASIG, a leading commercial aviation services company, for $202 million in cash. On 31 January 2017 the Group announced the completion of the sale and that all the terms of the transaction remain as outlined in the announcement made on 16 September 2016.

Following the completion of the sale, adjusting for foreign exchange reserves write-offs and based on expectations of the working capital agreement there is no material gain or loss expected to be recognised on the disposal in 2017.

Further detail of the operations covering its treatment as a discontinued operation, the assets and liabilities held for sale and subsequently disposed of, and the impairment of the assets based on the expected sale can be found in note 25.

Alternative performance measures

Introduction

We assess the performance of the group using a variety of alternative performance measures. We principally discuss the group's results on an 'adjusted' and / or 'underlying' basis. The rationale for using adjusted measures is explained below. Results on an adjusted basis are presented before exceptional and other items. We also explain financial performance using measures that are not defined under IFRS and are therefore termed 'non-GAAP' measures. The non-GAAP measures we use are: organic revenue growth, underlying operating profit and margin, underlying and reported EBITDA, underlying profit before tax, underlying deferred tax, adjusted weighted average number of shares, adjusted basic and diluted earnings per ordinary share, return on invested capital, operating cash flow, free cash flow, cash conversion, and net debt. A reconciliation from these non-GAAP measures to the nearest measure prepared in accordance with IFRS is presented below. The alternative performance measures we use may not be directly comparable with similarly titled measures used by other companies.

Exceptional items

The group's income statement and segmental analysis separately identify trading results before exceptional and other items. The directors believe that presentation of the group's results in this way is relevant to an understanding of the group's financial performance, as exceptional and other items are identified by virtue of their size, nature or incidence. This presentation is consistent with the way that financial performance is measured by management and reported to the Board and the Executive Committee and assists in providing a meaningful analysis of the trading results of the group. In determining whether an event or transaction is treated as an exceptional and other items, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

Examples of charges or credits meeting the above definition and which have been presented as exceptional and other items in the current and/or prior years include acquisitions/disposals of significant businesses and investments, regulatory settlements, business restructuring programmes, and asset impairment charges. In the event that other items meet the criteria, which are applied consistently from year to year, they are also treated as exceptional and other items.

Exceptional and other items are disclosed in note 2 to the consolidated financial statements.

Organic revenue growth

Organic revenue growth is a measure which seeks to reflect the performance of the group that will contribute to long-term sustainable growth. As such organic revenue growth excludes the impact of acquisitions or disposals, fuel price movements and foreign exchange movements. We focus on the trends in organic revenue growth.

A reconciliation from the growth in reported revenue, the most directly comparable IFRS measures, to the organic revenue growth, is set out below.

	2016 Total $m	2015 Total $m
Reported revenue prior year	2,129.8	2,289.8
Rebase for foreign exchange	(41.3)	(43.0)
Rebase for fuel	(59.2)	(205.0)
Rebase for disposals	-	-
Like for like revenue prior year	2,029.3	2,041.8
Reported revenue	2,565.9	2,129.8
Less acquisitions	(567.6)	(48.0)
Organic Revenue	1,998.3	2,081.8

Organic revenue growth	**(1.5%)**	**2.0%**

Underlying operating profit and margin

Underlying operating profit and margin are measures which seek to reflect the underlying performance of the group that will contribute to long-term sustainable profitable growth. As such they exclude the impact of exceptional and other items. We focus on the trends in underlying operating profit and margins.

A reconciliation from operating profit, the most directly comparable IFRS measures, to the underlying operating profit and margin, is set out below.

	2016 Total $m	2016 Continuing $m	2016 Discontinued $m	2015 Total $m	2015 Continuing $m	2015 Discontinued $m
Reported revenue	**2,565.9**	**2,149.1**	**416.8**	**2,129.8**	**1,714.0**	**415.8**
Operating profit	192.9	166.1	26.8	130.8	112.7	18.1
Exceptional and other items	137.2	136.5	0.7	71.2	68.8	2.4
Underlying operating profit	**330.1**	**302.6**	**27.5**	**202.0**	**181.5**	**20.5**

	2016 Total %	2016 Continuing %	2016 Discontinued %	2015 Total %	2015 Continuing %	2015 Discontinued %
Operating margin	7.5%	7.7%	6.4%	6.1%	6.6%	4.4%
Exceptional and other items	5.4%	6.4%	0.2%	3.3%	4.0%	0.6%
Underlying operating margin	**12.9%**	**14.1%**	**6.6%**	**9.4%**	**10.6%**	**5.0%**

Underlying EBITDA and EBITDA

In addition to measuring financial performance of the group and lines of business based on operating profit, we also measure performance based on EBITDA and underlying EBITDA. EBITDA is defined as the group profit or loss before depreciation, amortisation, net finance expense and taxation. Underlying EBITDA is defined as EBITDA before exceptional and other items. EBITDA is a common measure used by investors and analysts to evaluate the operating financial performance of companies.

We consider EBITDA and underlying EBITDA to be useful measures of our operating performance because they approximate the underlying operating cash flow by eliminating depreciation and amortisation. EBITDA and underlying EBITDA are not direct measures of our liquidity, which is shown by our cash flow statement, and need to be considered in the context of our financial commitments.

A reconciliation from group operating profit, the most directly comparable IFRS measure, to reported and underlying group EBITDA, is set out below.

	2016 Total $m	2016 Continuing $m	2016 Discontinued $m	2015 Total $m	2015 Continuing $m	2015 Discontinued $m
Reported Depreciation & Amortisation	183.9	180.5	3.4	82.8	69.0	13.8
Exceptional amortization	(99.3)	(98.6)	(0.7)	(11.7)	(9.3)	(2.4)
Underlying Depreciation & Amortization	84.6	81.9	2.7	71.1	59.7	11.4

Operating profit	192.9	166.1	26.8	130.8	112.7	18.1
Reported Depreciation & Amortisation	183.9	180.5	3.4	82.8	69.0	13.8
Reported EBITDA	376.8	346.6	30.2	213.6	181.7	31.9
Exceptional and other items	37.9	37.9	-	59.5	59.5	-
Underlying EBITDA	**414.7**	**384.5**	**30.2**	**273.1**	**241.2**	**31.9**

Underlying profit before tax

Underlying profit before tax is a measure which seeks to reflect the underlying performance of the group that will contribute to long-term sustainable profitable growth. As such underlying profit before tax excludes the impact of exceptional and other items. We focus on the trends in underlying profit before tax.

A reconciliation from profit before tax, the most directly comparable IFRS measures, to the underlying profit before tax, is set out below.

	2016 Total $m	2016 Continuing $m	2016 Discontinued $m	2015 Total $m	2015 Continuing $m	2015 Discontinued $m
(Loss)/ profit before tax	(164.6)	(82.2)	(82.4)	95.3	77.4	17.9
Exceptional and other items	430.7	320.9	109.8	74.7	72.3	2.4
Underlying profit before tax	**266.1**	**238.7**	**27.4**	**170.0**	**149.7**	**20.3**

Underlying deferred tax

Cash adjusted basic and diluted earnings per ordinary share set out in note 6 to the consolidated financial statements are calculated by removing exceptional and other items and underlying deferred tax to better reflect the underlying basic and diluted earnings per share.

A reconciliation from deferred tax, the most directly comparable IFRS measures, to the underlying deferred tax, is set out below:

	2016 Total $m	2016 Continuing $m	2016 Discontinued $m	2015 Total $m	2015 Continuing $m	2015 Discontinued $m
Deferred tax	81.6	77.3	4.3	2.2	7.3	(5.1)
Exceptional deferred tax	(117.2)	(105.0)	(12.2)	(12.0)	(11.6)	(0.4)
Underlying deferred tax	**(35.6)**	**(27.7)**	**(7.9)**	**(9.8)**	**(4.3)**	**(5.5)**

Cash basic and diluted earnings per ordinary share

As set out in note 6 to the consolidated financial statements, the adjusted basic and diluted earnings per ordinary share is calculated using the adjusted basic and diluted earnings.

A reconciliation from the basic and diluted earnings per ordinary share, the most directly comparable IFRS measures, to the cash basic and diluted earnings per ordinary share, is set out below.

	2016 Total ¢	2016 Continuing ¢	2016 Discontinued ¢	2015 Total ¢	2015 Continuing ¢	2015 Discontinued ¢
Basic earnings per share	(9.6)	(1.9)	(7.7)	11.6	9.8	1.8
Adjustments for adjusted measure	34.2	24.0	10.2	9.9	8.8	1.1
Cash basic earnings per share	**24.6**	**22.1**	**2.5**	**21.5**	**18.6**	**2.9**
Diluted earnings per share	(9.6)	(1.9)	(7.7)	11.5	9.7	1.8
Adjustments for adjusted measure	34.0	23.8	10.2	9.9	8.8	1.1
Cash diluted earnings per share	**24.4**	**21.9**	**2.5**	**21.4**	**18.5**	**2.9**

Return on invested capital (ROIC)
Measuring ROIC ensures BBA Aviation is focused on efficient use of assets, with the target of operating returns generated across the cycle exceeding the cost of holding the assets.
ROIC is calculated by dividing underlying operating profit for ROIC by net assets for ROIC, both of which are at the same exchange rate which is the average of the last thirteen months spot rate. The net asset for ROIC are calculated by averaging the net assets over the last thirteen months.
A reconciliation from underlying operating profit to underlying operating profit for ROIC is set out below. In addition, a reconciliation from net assets the most directly comparable IFRS measures, to invested capital for ROIC, is set out below.

	2016 Total $m	2016 Continuing $m	2016 Discontinued $m	Restated 2015 Total $m	2015 Continuing $m	2015 Discontinued $m
Underlying operating profit	330.1	302.6	27.5	202.0	181.5	20.5
Adjustments for FX	(0.1)	(0.1)	-	0.1	0.1	-
Underlying operating profit for ROIC	**330.0**	**302.5**	**27.5**	**202.1**	**181.6**	**20.5**
Net Assets	1,918.6	1,740.2	178.4	2,168.4	1,892.6	275.8
Impact of rights issue cash on average net debt	-	-	-	(1,117.1)	(1,117.1)	-
Add back impairment made to disposal group	-	(109.1)	109.1	-	-	-
Adjustments for FX and averaging	42.9	42.9	-	187.2	187.2	-
Net Assets for ROIC	1,961.5	1,674.0	287.5	1,238.5	962.7	275.8
Reported Borrowings	(1,549.4)	(1,549.4)	-	(523.4)	(522.1)	(1.3)
Reported Cash and cash equivalents	205.3	182.5	22.8	966.4	950.7	15.7
Impact of rights issue cash on average net debt	-	-	-	(1,117.1)	(1,117.1)	-
Adjustments for FX and averaging	22.3	22.3	-	78.9	78.9	-
Less: Net Debt for ROIC	(1,321.8)	(1,344.6)	22.8	(595.2)	(609.6)	14.4
Invested Capital for ROIC	**3,283.3**	**3,018.6**	**264.7**	**1,833.7**	**1,572.3**	**261.4**
ROIC	**10.1%**	**10.0%**	**10.4%**	**11.0%**	**11.6%**	**7.8%**

Operating cash flow
Operating cash flow is one of the group's key performance indicators by which our financial performance is measured. Operating cash flow is defined as the aggregate of Cash generated by operations, purchase of property, plant and equipment, purchase of intangible assets less Ontic licences, and process from disposal of property plant and equipment.
Operating cash flow is primarily an overall operational performance measure. However, we also believe it is an important indicator of our liquidity.
Operating cash flow reflects the cash we generate from operations after net capital expenditure which is a significant ongoing cash outflow associated with investing in our infrastructure. In addition, operating cash flow excludes cash flows that are determined at a corporate level independently of ongoing trading operations such as dividends, share buybacks, acquisitions and disposals, financing costs, tax payments, dividends from associates and the repayment and raising of debt. Operating cash flow is not a measure of the funds that are available for distribution to shareholders.

	2016 Total $m	2015 Total $m

Reported Cash generated by operations	390.7	193.4
Add: Reported Purchase of property, plant and equipment	(101.6)	(81.8)
Add: Reported Purchase of intangible assets	(11.4)	(22.4)
Less: Ontic licences	(10.6)	(13.5)
Add: Reported Proceeds from disposal of property, plant and equipment	11.1	16.7
Operating cash flow	**299.4**	**119.4**

Cash conversion

Cash conversion is a key part of the group strategy for disciplined capital management with absolute cash generation and strong cash conversion. Cash conversion is defined as operating cash flow as a percentage of continuing and discontinued operating profit. Operating cash flow has been reconciled above to the most directly comparable IFRS measure, being cash generated from operations.

	2016 Total %	2015 Total %
Cash conversion	**155%**	**92%**

Free cash flow

Free cash flow is set out in note 8 to the consolidated financial statements and reconciled to net cash inflow from operating activities, the most directly comparable IFRS measure.

Net debt

Net debt consists of borrowings (both current and non-current), less cash and cash equivalents and the fair value adjustment on the US Private placement loan.

Net debt is a measure of the group's net indebtedness that provides an indicator of the overall balance sheet strength. It is also a single measure that can be used to assess both the group's cash position and its indebtedness. The use of the term 'net debt' does not necessarily mean that the cash included in the net debt calculation is available to settle the liabilities included in this measure.

Net debt is considered to be an alternative performance measure as it is not defined in IFRS. The most directly comparable IFRS measure is the aggregate of borrowings (current and non-current), and cash and cash equivalents. A reconciliation from these to net debt is given below.

	2016 Total $m	2016 Continuing $m	2016 Discontinued $m	2015 Total $m	2015 Continuing $m	2015 Discontinued $m
Reported Borrowings	(1,547.7)	(1,547.7)	-	(523.4)	(522.1)	(1.3)
Reported finance leases	(1.7)	(1.7)	-	-	-	-
Reported Cash and cash equivalents	205.3	182.5	22.8	966.4	950.7	15.7
Fair value adjustment on USPP	8.8	8.8	-	13.5	13.5	-
Net Debt	**(1,335.3)**	**(1,358.1)**	**22.8**	**456.5**	**442.1**	**14.4**

END

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Final Results - RNS