2017 Preliminary Results

Thursday 1st March 2018

01

Introduction

David Lockwood

Highlights

Sound financial performance and strong Balance Sheet

Encouraging early signs of operational progress

Refocused and de-risked portfolio

02

Financial Results

David Mellors

Summary Financial Headlines

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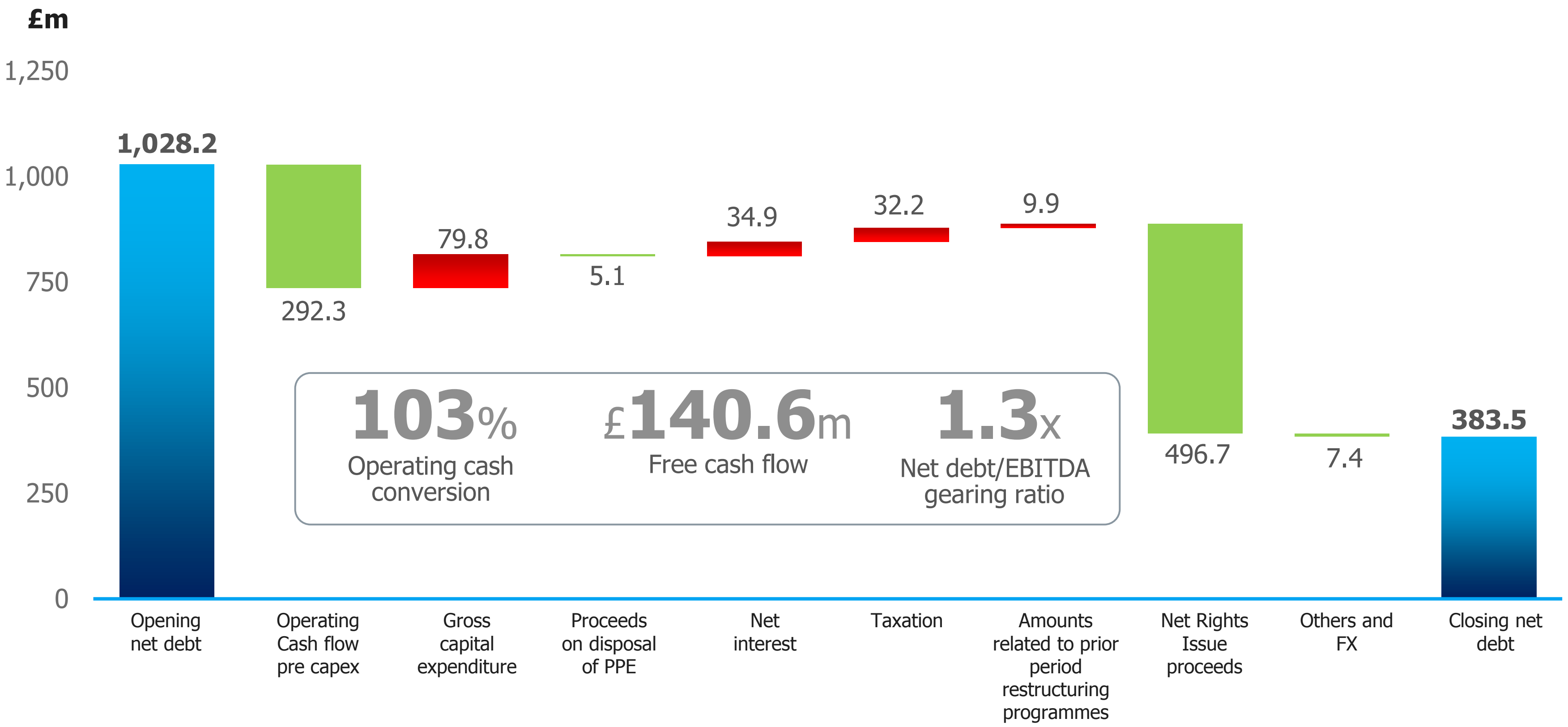
£m	FY17	FY16
Order intake	1,916.6	2,084.0
Revenue	2,052.5	1,943.9
Underlying operating profit	210.3	225.0
Underlying operating margin	10.2%	11.6%
Underlying earnings per share (pence)	6.0	7.8
Operating cash flow	217.6	181.8
Operating cash conversion	103%	81%
Net debt	383.5	1,028.2
Net debt:EBITDA ratio	1.3x	3.0x
Dividend (pence)	-	2.03

Movements in Net Debt



103% Operating cash conversion

£140.6m Free cash flow

1.3x Net debt/EBITDA gearing ratio

Balance Sheet Strength

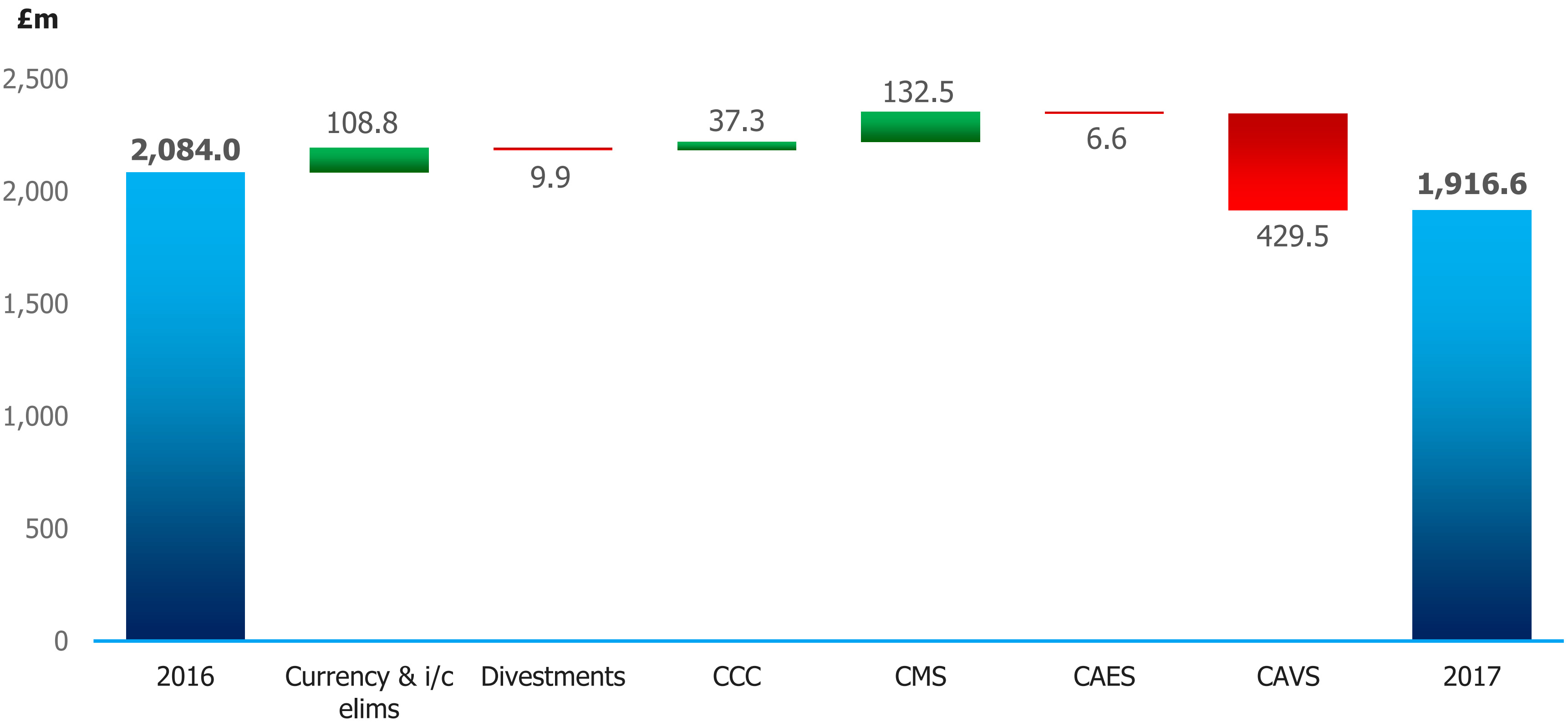
COBHAM

- 31 December 2017 net debt/EBITDA gearing ratio at 1.3x
- Completed refinancing of 5 year US$545m revolving credit facilities
- Divestment lowers gearing by c.1.0x (pro forma)
- Components of expected limited free cash flow in 2018
  - Onerous contract and other provision utilisation
  - Capital expenditure and working capital timing
  - Interest and tax
  - Make-whole payments post divestment completion
- Additional ongoing risks and uncertainties* - may also crystallise

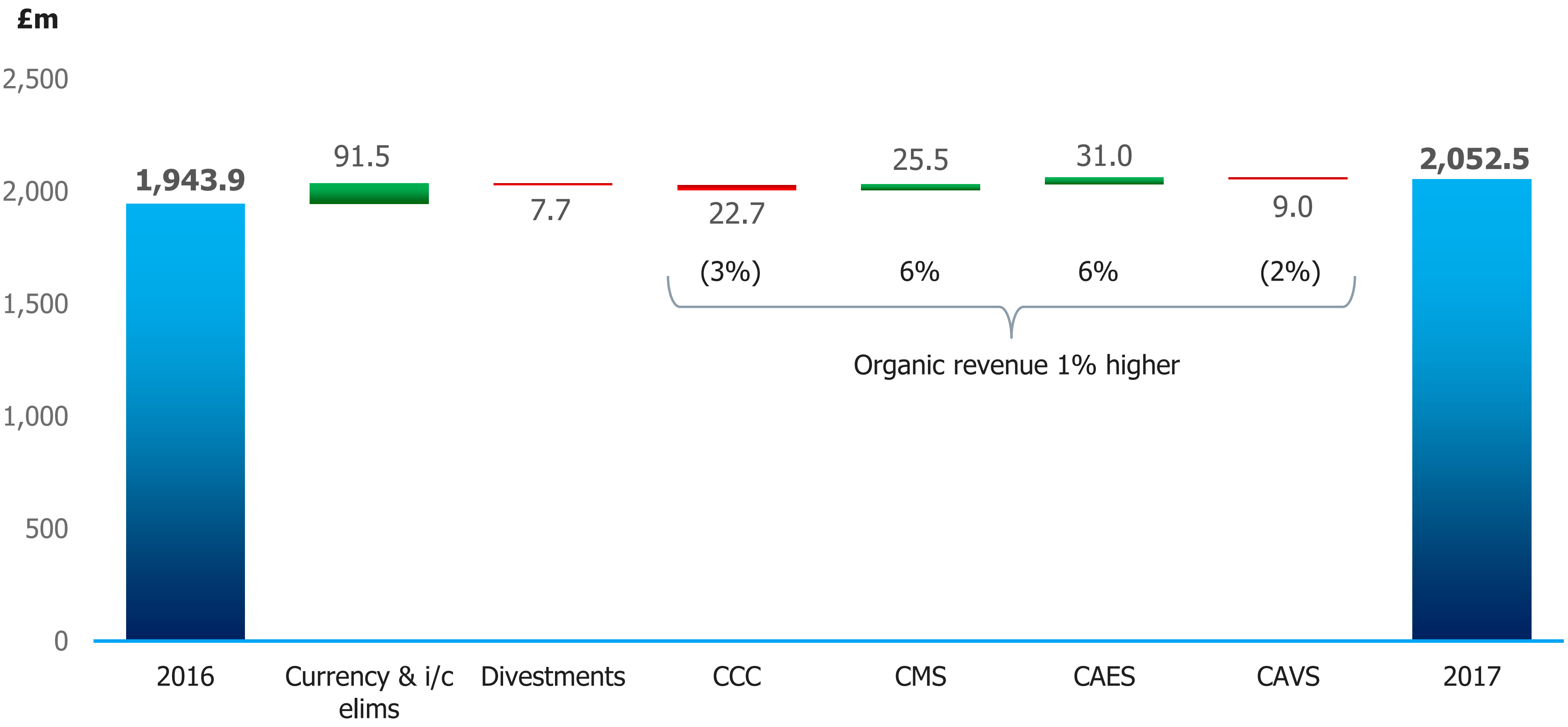
**See contingent liabilities note*

Conservative approach to capital structure in 2018

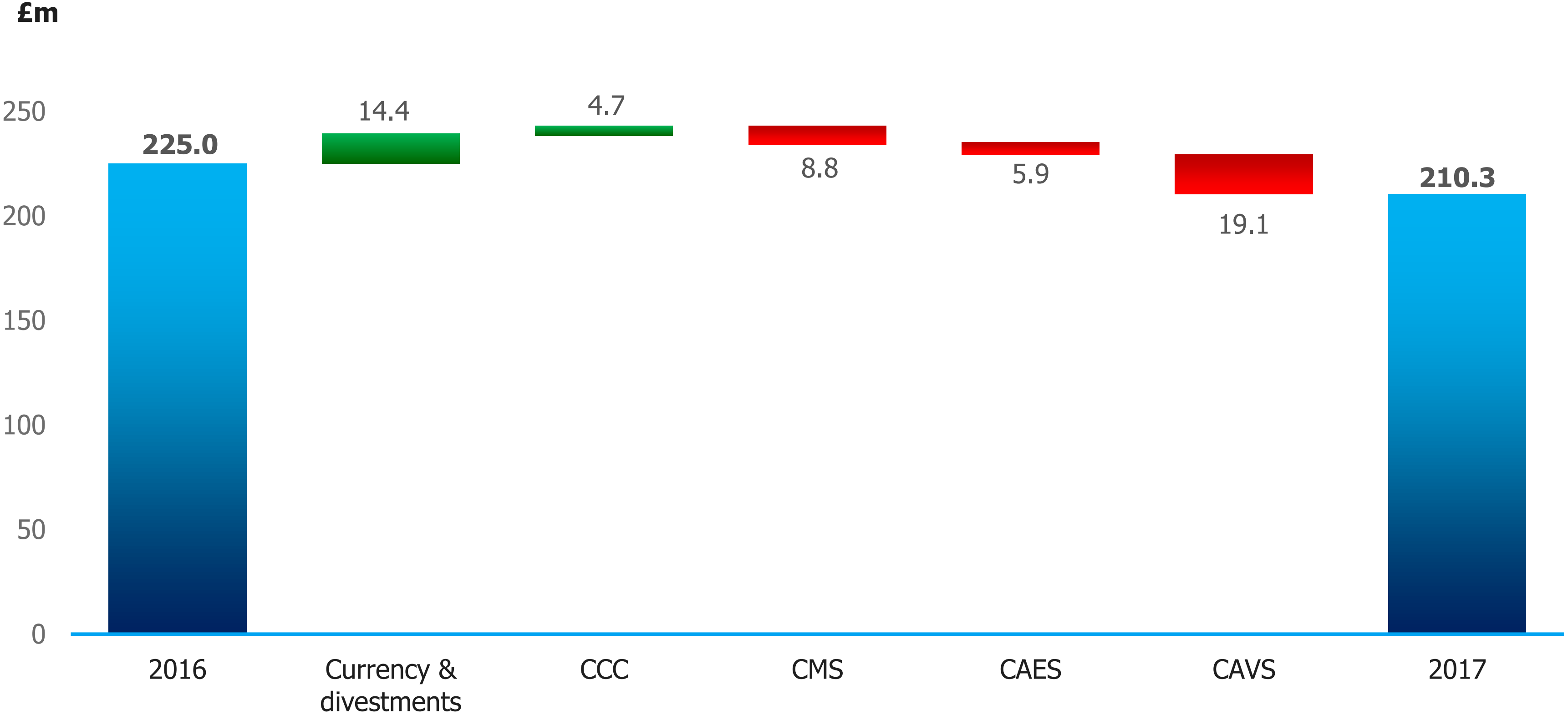
Order Intake Bridge



Revenue Bridge



Underlying Operating Profit Bridge



Communications and Connectivity

COBHAM

£m	2016*	FX	Organic	2017
Order intake	647.3	30.6	37.3	**715.2**
Revenue	690.2	33.2	(22.7)	**700.7**
Underlying operating profit	58.2	6.1	4.7	**69.0**
Underlying operating margin	8.4%	0.5%	0.9%	**9.8%**
Order book	255.1			**266.8**

Organic revenue decrease driven by:

- Lower AvComm including master distributor change in H1
- Lower SATCOM volumes
- Mitigated by increase in Antenna Systems and Wireless

Profit impacted by:

- Lower trading in AvComm and SATCOM
- Increased PV investment (+£7m) in next generation airborne SATCOM
- Offset by:
  - Favourable Antenna Systems and Wireless volumes
  - Restructured cost base in Wireless and prior year charge of £9m not repeated

** after previously announced restated analysis of Sector underlying profit*
Note: Revenue by currency; US$ 29%, EUR/DKK 46%

Mission Systems

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£m	2016*	FX	Divested	Organic	2017
Order intake	381.6	14.0	(9.9)	132.5	**518.2**
Revenue	386.4	14.8	(7.7)	25.5	**419.0**
Underlying operating profit	60.0	2.5	1.5	(8.8)	**55.2**
Underlying operating margin	15.5%	0.1%	0.7%	(3.1%)	**13.2%**
Order book	649.1				**709.1**

Organic revenue increase driven by:

- Increase in actuation control subsystems volumes
- Additional air separation modules for B737NG operators
- Higher aerial refuelling development revenue

Profit impacted by:

- Increased ongoing quality/supply chain management costs (£4m)
- Additional charges against aerial refuelling development programmes
- Actuation control subsystems and air separation modules a partial offset

** after previously announced restated analysis of Sector underlying profit*
Note: Revenue by currency; US$ 79%

Advanced Electronic Solutions

£m	2016*	FX	Organic	2017
Order intake	542.1	27.5	(6.6)	**563.0**
Revenue	511.6	25.8	31.0	**568.4**
Underlying operating profit	66.2	3.0	(5.9)	**63.3**
Underlying operating margin	12.9%	-	(1.8%)	**11.1%**
Order book	673.9			**610.4**

Organic revenue increase driven by:

- Increase in space related actuation and power distribution
- Revenue from Low Band Consolidation EW programme
- Additional F-35 production

Profit impacted by:

- Effect of increased revenue
- Increased costs (c.£10m) to strengthen functional infrastructure, IT and compliance systems

** after previously announced restated analysis of Sector underlying profit*
Note: Revenue by currency; US$ 98%

Aviation Services

£m	2016*	FX	Organic	2017
Order intake	513.4	38.5	(429.5)	**122.4**
Revenue	357.2	18.4	(9.0)	**366.6**
Underlying operating profit	40.6	1.3	(19.1)	**22.8**
Underlying operating margin	11.4%	(0.2%)	(5.0%)	**6.2%**
Order book	1,368.6			**1,114.9**

Organic revenue decrease driven by:

- Reduced natural resources flying and Qantas
- Completion of helicopter services contracts
- Commencement of AMSA contract partially offsets

Profit impacted by:

- Lower helicopter services volumes and demobilisation costs of £4m
- Reduced commercial revenue in Australia
- Non-recurring charges relating to settlement of legacy issues (£3m)

** after previously announced restated analysis of Sector underlying profit*
Note: Revenue by currency; AUS$ 62%

IFRS 15 Revenue from Contracts with Customers

£m	2017 Reported	IFRS 15 Impact*	2017 Restated
Revenue	2,052	41	**2,093**
Underlying operating profit	210	3	**213**
Underlying EPS (pence)	6.0	0.1	**6.1**
Net assets	1,028	1	**1,029**

Impact of adoption:

- New revenue recognition accounting standard; effective from 1 January 2018
  - Development contract revenue in CMS and CAES recognised on percentage completion rather than programme milestone basis
  - Product revenue from some US government contracts in Advanced Electronic Solutions recognised on percentage completion basis
- No impact on cash or net debt; net Balance Sheet impact not material

** Estimated*

IFRS 15 impact not material

AvComm & Wireless* Divestment Impacts

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- H1 2018 completion expected
- Gross cash proceeds US$455m (c£325m) on completion
- Aggregate divestment result in 2017
  - Revenue - £169.6m
  - Underlying operating profit - £13.6m
  - Contribution (before central charges and restructuring costs) - £24.8m
- Debt pay down (including cash on balance sheet) £440m
  - PP make-whole payments of up to £30m expected in H1 2018
  - Net interest savings - £18m per full year

** Test and measurement*

Planned divestment will increase focus, reduce risk and further strengthen the Balance Sheet

2018 Income Statement Guidance

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- Underlying trading expectations unchanged
- Other items to consider:
  - Foreign exchange translation
  - Divestment impacts:
    - Loss of contribution and timing of completion
    - Make-whole payments expected in H1 2018 of up to £30m
    - Interest reduction of £18m per full year
- Underlying tax rate c.23%

Unchanged expectations for 2018 before divestment and currency translation

03

Business Review

David Lockwood

The Opportunity

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External	Internal
Improving US & RoW defence budgets overall • Heightened security threats; 2018 US National Defense Strategy - technology modernisation	**Reduce organisational complexity** • Remove duplication and overheads, simplify processes
Commercial aerospace and space opportunities • But some commercial markets still challenging	**Improve execution** • Reduce significant cost of late delivery
Price pressure across markets generally • Customer concentration driving price pressure and risk transfer	**Enhance quality** • Increase first pass rate - reduce re-work cost
Political risk • Government change and conflicting priorities	**Optimise allocation of capital** • Invest for optimal return and manage projects rigorously

Underlying operating margin 2-3% higher over medium term

Our Progress So Far

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Operational priorities	One year ago	Today	The future
1 Customer focus	• Irregular senior engagement	• Regular senior engagement	• Real customer partnering
	• Technology investment & capital allocation lacking discipline	• Focus on capital allocation and control major projects	• Priority technology developments for optimal return
2 Leadership and simplification	• Complexity in systems, processes and reporting	• Streamlined and updated Group policies & processes roll out	• Embedded systems and processes supporting agile decision making
	• Poor management accountability	• Monthly operating reviews with business unit management	• Proactive and forward looking business unit management
3 Control and execution	• Numerous performance issues, lack of focus on improvement	• Investment in facilities, efficiency and people	• Best-in-class customer on time delivery; improved first pass quality
	• Fragmented supply chain	• Consolidation of supply chain management	• Integrated supply chain from best cost country, with improved delivery
	• Non-standard reporting and poor forecasting ability	• Standardised reports, training and focus groups	• Common financial language and forecasting accuracy

Encouraging early progress against our operational priorities – a lot left to do

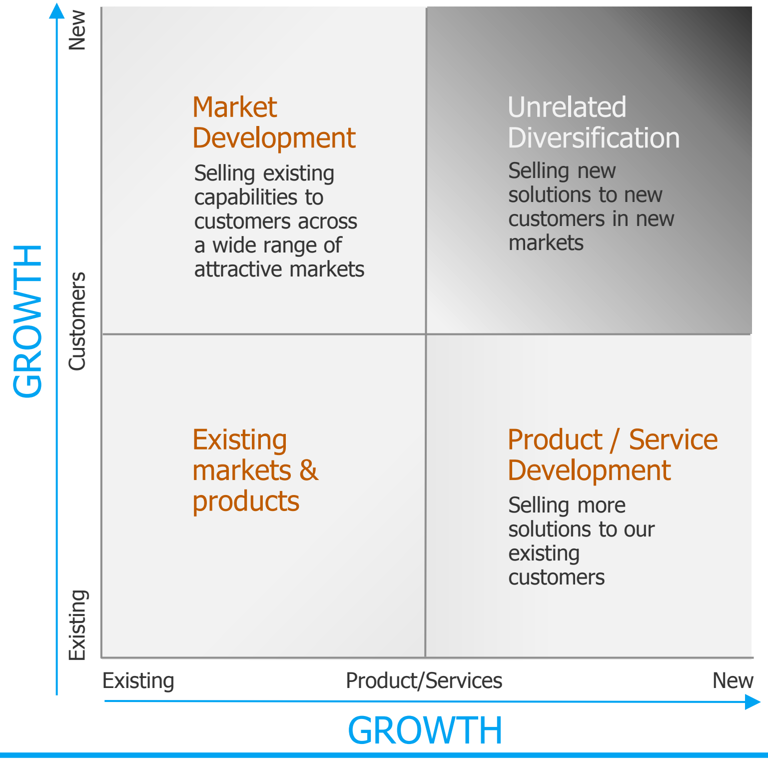
Update on Onerous Contracts and Other 2016 Charges

COBHAM

- KC-46 qualification ongoing as part of FAA certification process:
  - Contract contains significant terms including relating to delayed performance
  - Centreline Drogue System qualification nearing completion
  - Wing Aerial Refuelling Pod qualification ongoing into H2 2018
  - Focus on improving historic supply chain and quality management issues
- Taken some additional charges in 2017 underlying operating profit on other programmes
- Legal, environmental, warranty and other regulatory matters – credit adjustment as items resolved within original cost estimates; treatment consistent with original provision

2018 a critical year for delivery

Strategy Summary



- Focus on defence, aerospace and space markets with increasing collaboration
- Creating the foundations to sell more to customers
- Leveraging international demand for capabilities
- Avoid unrelated diversification

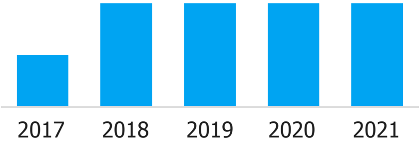
Operational improvement aligned to strategy

Case Study - Investing in San Diego, CA Facility

A major Advanced Electronic Solutions Sector facility

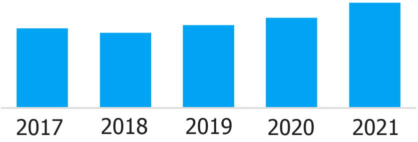
DDG Guided Missile Destroyer

Flight IIA – number microwave assemblies*



Joint Strike Fighter

A/B/C – number aircraft (US deliveries only)*



- Growth in key programmes enables long term planning
- San Diego investment covers:
  - Engineering, manufacturing, testing & tuning capabilities
  - Renovation of six buildings (approx. 200,000 sq. ft.)
  - Approx. $30m capital expenditure including:
    - Increasing manufacturing space and more efficient layout
    - Lean manufacturing and product flow
- Increasing the workforce and cultural change

A leading provider of critical microwave subsystems - 1,200 employees (c.10% of Group)

** Charts show anticipated programme volumes, sources include Raytheon, Department of Defense Comptroller, PEO Integrated Warfare Systems, USN, DACIS, Lockheed Martin.*

Summary and Outlook

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- Full year results slightly ahead of expectations
- Many improvement actions underway – encouraging early progress
- Coherent portfolio and strengthened balance sheet
- 2018 expectations unchanged with range of potential outcomes; affected by timing of divestment completion and FX translation rates

04
Questions

Appendices

Revenue and Underlying Operating Profit by Sector

	Revenue £m		Underlying Operating Profit £m	
	2017	2016	2017	2016
CCC	**700.7**	723.4	**69.0**	64.3
Margin			*9.8%*	*8.9%*
CMS	**419.0**	393.5	**55.2**	64.0
Margin			*13.2%*	*16.3%*
CAES	**568.4**	537.4	**63.3**	69.2
Margin			*11.1%*	*12.9%*
CAVS	**366.6**	375.6	**22.8**	41.9
Margin			*6.2%*	*11.2%*
HO and eliminations	**(2.2)**	(1.4)	-	-
Subtotal	**2,052.5**	2,028.5	**210.3**	239.4
Margin			*10.2%*	*11.8%*
Divestments	**-**	7.7	-	(1.4)
Exchange	**-**	(92.3)	-	(13.0)
Cobham Group – as reported	**2,052.5**	1,943.9	**210.3**	225.0
Margin			*10.2%*	*11.6%*

Note: 2016 data at 2017 FX rates

Income Statement

COBHAM

£m	FY17	FY16
Revenue	**2,052.5**	**1,943.9**
Underlying operating profit	**210.3**	**225.0**
Underlying net finance costs	(37.2)	(49.8)
Underlying profit before taxation	**173.1**	**175.2**
Specific adjusting items: to operating profit	(106.2)	(1,004.1)
Specific adjusting items: to finance costs	-	(19.0)
Profit/(loss) before taxation	**66.9**	**(847.9)**
Taxation	11.9	52.8
Profit/(loss) after taxation	**78.8**	**(795.1)**

Income Statement – Specific Adjusting Items

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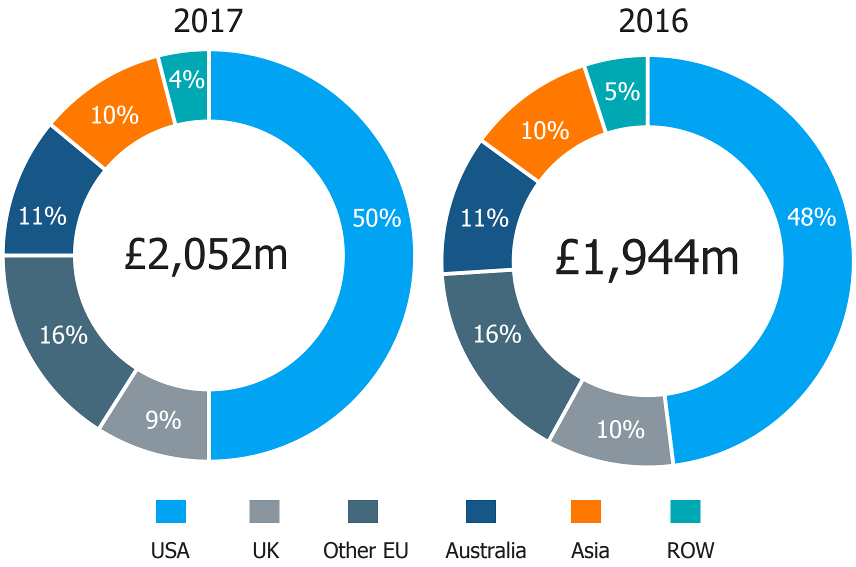
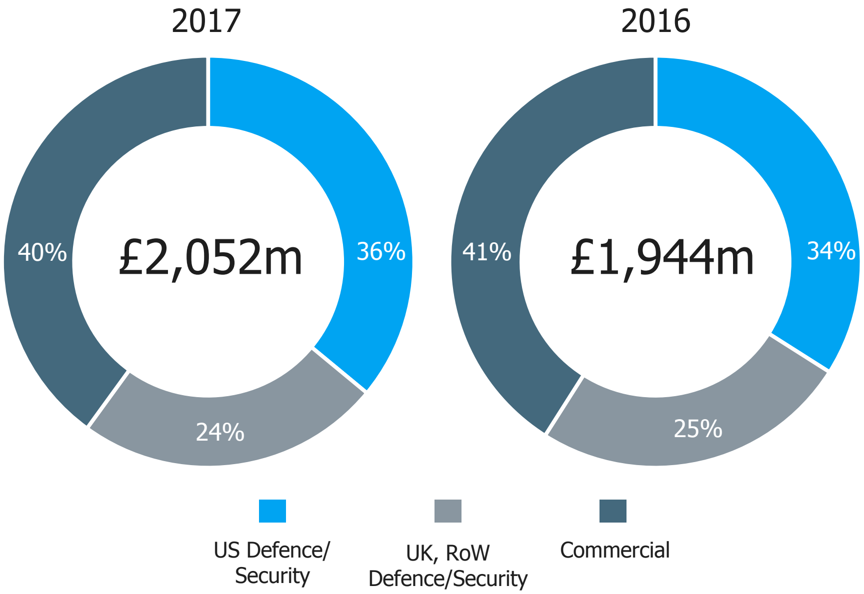
£m	FY17	FY16
Amortisation of intangible assets arising on business combinations	(138.9)	(161.2)
Derivative financial instruments	28.9	(39.3)
Impairment of goodwill and other intangible assets	(33.5)	(573.8)
Reversal of impairment of intangible assets	31.8	-
Carrying values of other assets provided at 31 Dec 2016	1.4	(33.3)
Legal and other provisions provided at 31 Dec 2016	8.0	(24.4)
Amounts related to prior periods' restructuring programmes	(4.7)	8.7
Other business acquisition and divestment related items	0.8	(1.7)
Estimates of fixed price contract profitability provided at 31 Dec 2016	-	(179.1)
	(106.2)	**(1,004.1)**
Non-underlying finance costs - make whole payments	**-**	**(19.0)**
	(106.2)	**(1,023.1)**

Revenue by Destination and Market Segment

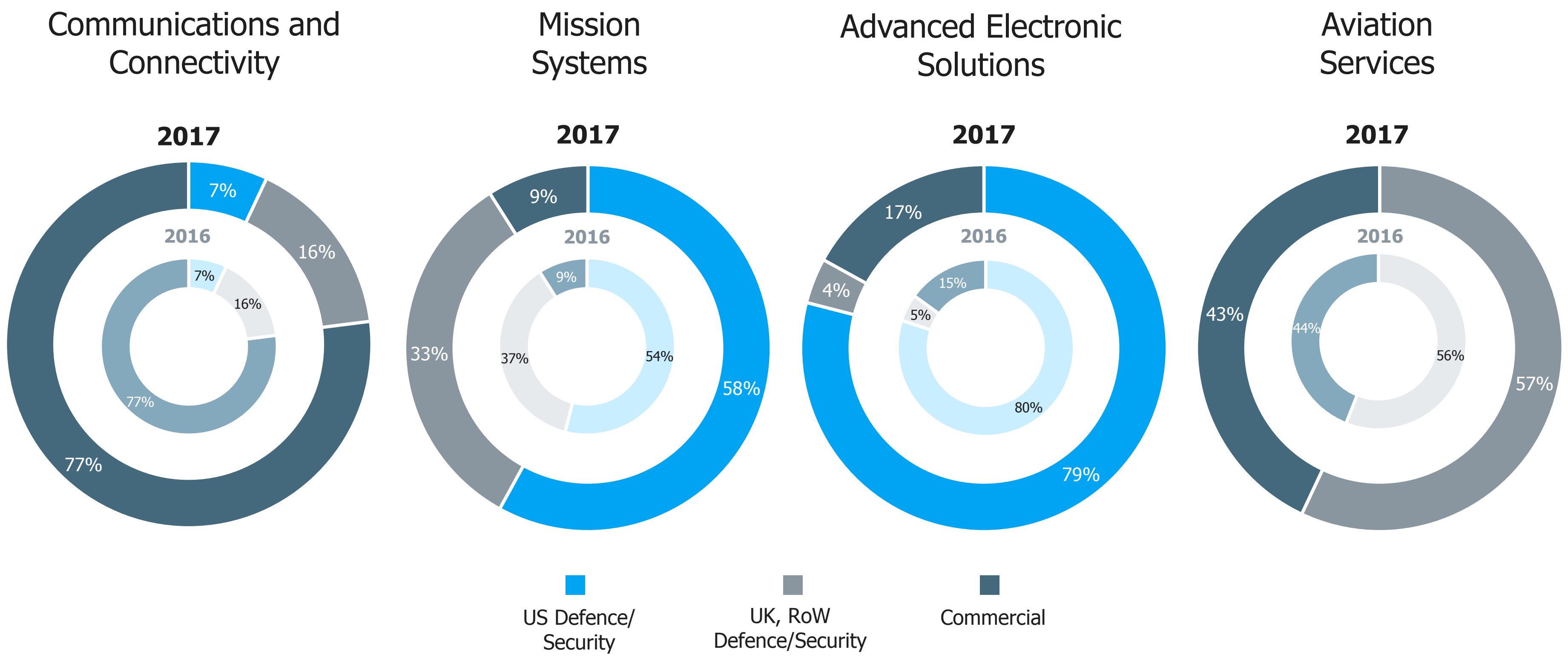
Group Revenue by Destination



Group Revenue by Market Segment



Market Segment Revenue by Sector

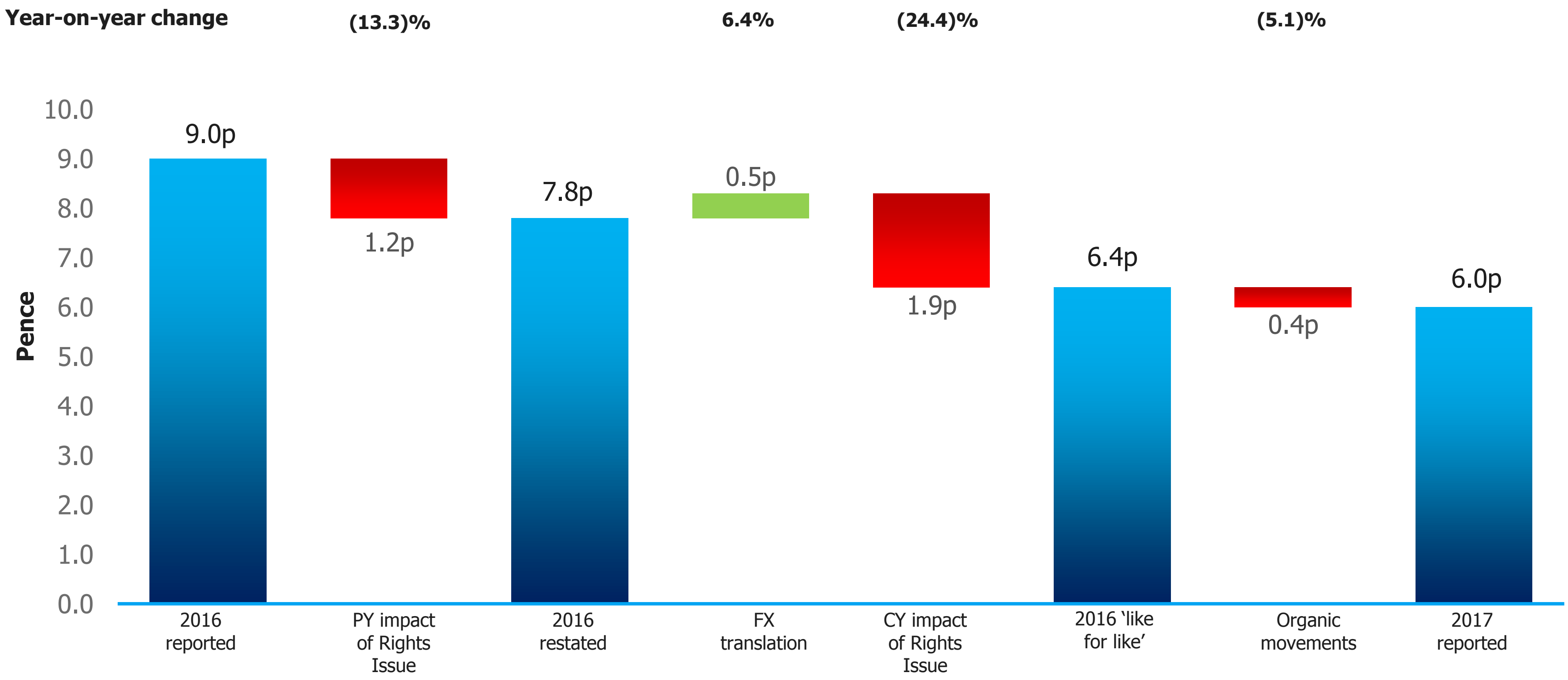


Taxation

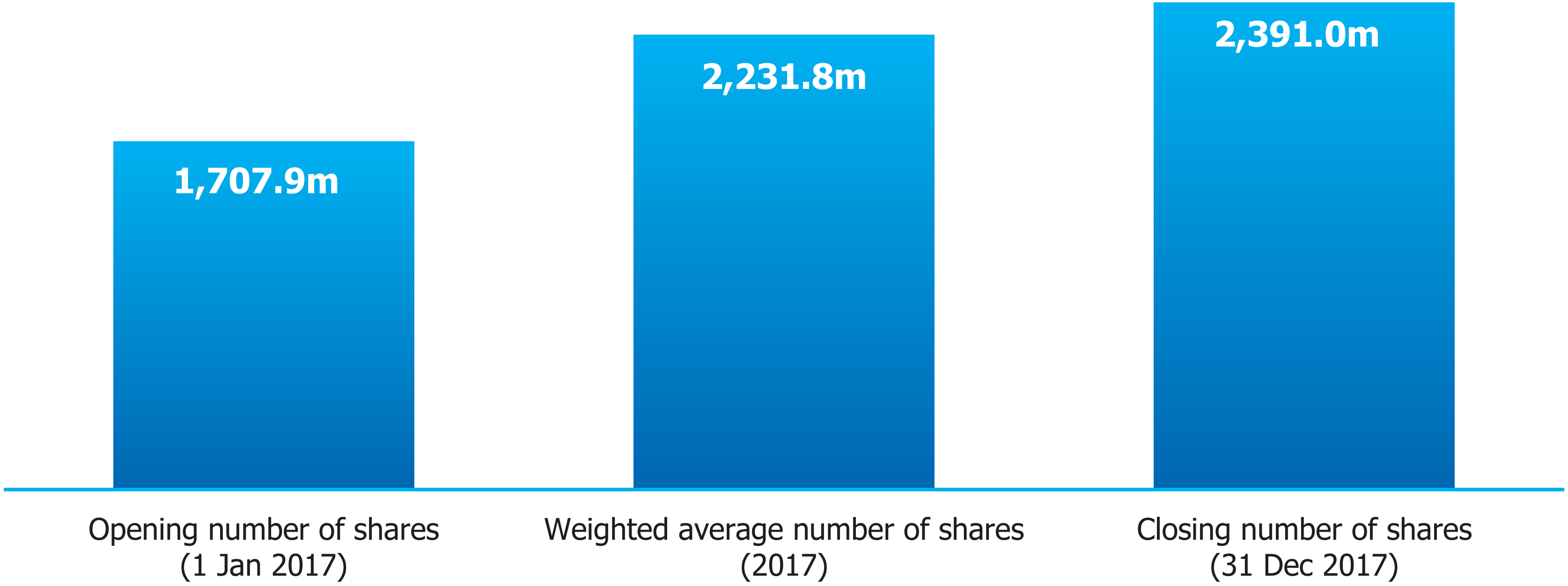
	2017 £m	2016 £m
Underlying tax charge	**(39.8)**	(39.6)
Tax credit on specific adjusting items*	**51.7**	92.4
Headline tax credit	**11.9**	52.8
Underlying tax rate	**23.0%**	22.6%

** Includes £10.9m recognition of capital losses anticipated to be used against the chargeable gains on disposal of Wireless test and measurement and AvComm in 2018*

Underlying Earnings Per Share



Shares in Issue



Note: Excludes 76.0m shares held in treasury

Balance Sheet

£m	FY 17	FY 16 (restated)
Intangible assets	893.8	1,165.9
Property, plant and equipment	380.9	422.9
Other non-current assets	159.1	142.9
Non current assets	**1,433.8**	**1,731.7**
Inventories	389.4	405.3
Trade and other receivables < 1 year	329.0	409.8
Trade and other payables < 1 year	(448.2)	(440.3)
Current working capital	**270.2**	**374.8**
Net current tax liabilities	(128.6)	(138.5)
Net debt	(383.5)	(1,028.2)
Provisions	(155.8)	(237.9)
Retirement benefit obligations	(63.2)	(87.0)
Net assets classified as held for sale	122.6	-
Other net liabilities	(67.2)	(125.0)
Net assets	**1,028.3**	**489.9**

NB: The 2016 balance sheet restatement is referenced in note 6 of the Preliminary Results Statement.

Cash Conversion

£m	2017	2016
Underlying operating profit (less post tax share of JV results)	**210.5**	**224.8**
Depreciation and amortisation	84.8	80.5
Share based payments	5.5	3.8
Decrease in provisions	(60.9)	(16.3)
Pension contributions in excess of pension charges	(17.3)	(16.7)
Decrease/(increase) in working capital	69.7	(8.2)
Gross capital expenditure	(79.8)	(92.2)
Proceeds on disposal of property, plant and equipment	5.1	6.1
Operating cash flow	**217.6**	**181.8**
Cash conversion	**103%**	**81%**

Cash flow – working capital

£m	Inventory	Receivables	Payables	Current working capital	Non-current	Total working capital
Balance at 1 Jan 2017	405.3	409.8	(440.3)	**374.8**	34.5	409.3
FX	(21.4)	(18.1)	18.1	**(21.4)**	0.1	(21.3)
Cash (inflow)/outflow	**26.7**	**(22.9)**	**(65.2)**	**(61.4)**	**(8.3)**	**(69.7)**
Reclass to items held for sale	(20.3)	(40.4)	35.2	**(25.5)**	2.1	(23.4)
Other	(0.9)	0.6	4.0	**3.7**	-	3.7
Balance at 31 Dec 2017	**389.4**	**329.0**	**(448.2)**	**270.2**	**28.4**	**298.6**

Movement in Net Debt

COBHAM

£m	2017	2016
Operating cash flow	**217.6**	**181.8**
Net interest paid	(34.9)	(71.2)
Taxation paid	(32.2)	(20.1)
Amounts related to prior years' restructuring programmes	(9.9)	(39.8)
Free cash flow	**140.6**	**50.7**
Dividends paid	(0.1)	(126.1)
Net divestments	(0.9)	(2.5)
Net Rights Issue proceeds and allocation of treasury shares	497.2	492.9
Exchange movements	7.9	(236.4)
Decrease in net debt	**644.7**	**178.6**
Opening net debt	**(1,028.2)**	**(1,206.8)**
Closing net debt	**(383.5)**	**(1,028.2)**

Capital Expenditure and Depreciation

£m	2017		2016	
	Net Capex(1)	Depn(2)	Net Capex(1)	Depn(2)
Cobham Communications and Connectivity	**9.3**	**15.1**	13.1	16.8
Cobham Mission Systems	**8.2**	**6.9**	7.6	5.9
Cobham Advanced Electronic Solutions	**29.3**	**15.9**	7.8	15.4
Cobham Aviation Services	**26.9**	**38.0**	48.7	33.5
Head Office	**1.0**	**8.9**	8.9	8.9
Cobham Group	**74.7**	**84.8**	86.1	80.5

1) *Shown net of proceeds on disposal of property, plant and equipment.*
2) *Depreciation excludes amortisation of acquired intangibles but includes amortisation of other intangibles of £10.8m (2016: £10.1m). Shown net of profit/loss on sale of property, plant and equipment.*

Defined Benefit Pension Schemes

IAS 19 balance sheet position

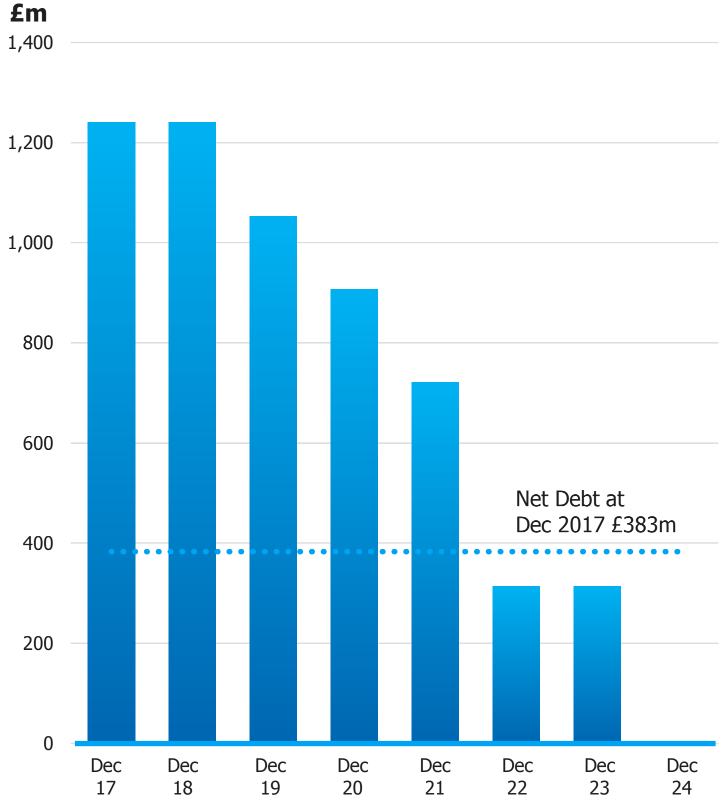
	FY17 £m	FY16 £m
Scheme assets	**816.3**	790.0
Present value of scheme liabilities	**(879.5)**	(877.0)
Net pension liability before deferred tax	**(63.2)**	(87.0)

Primary assumptions		
Discount rate	**2.35%**	2.65%
Inflation rate	**3.35%**	3.45%
Life expectancy of male aged 65 in 2045	**90yrs**	90yrs

Sensitivity of scheme liabilities to primary assumptions	**Change**	**Impact**
Discount rate	Increase by 1.0%	Decrease by 9%
Inflation rate	Increase by 0.5%	Increase by 3%
Life expectancy of male aged 65 in 2045	Increase by 1 year	Increase by 2%

Credit Facilities

	Loan/ Facility £m	Usage £m
US$ senior notes		
US$180m fixed rate (Oct. 2019)	133.1	133.1
US$250m fixed rate (Oct. 2021)	184.8	184.8
US$425m fixed rate (Oct. 2024)	314.1	314.1
	632.0	**632.0**
Bank facilities		
US$75m credit agreement (Dec 2019)	55.4	55.4
US$40m Schuldschein agreement (May 2020)	29.6	29.6
EUR131m Schuldschein agreement (May 2020)	116.2	116.2
EUR4m Schuldschein agreement (May 2022)	3.6	3.6
US$45m multi-currency revolving facility (Dec 2022)	33.3	-
DKK320m multi-currency revolving facility (Dec 2022)	38.2	-
US$450m multi-currency revolving credit agreement (Dec 2022)	332.6	-
	608.9	**204.8**
Total committed facilities	**1,240.9**	**836.8**
Prepaid fees	-	(1.7)
Finance leases	0.3	0.3
Gross debt	**1.241.2**	**835.4**
Cash		(451.9)
Net debt	**1.241.2**	**383.5**



Covenants

	FY17	FY16	FY15	FY14
Net debt (£m) – balance sheet	(383.5)	(1,028.2)	(1,206.8)	(1,222.7)
Net debt (£m) – average rate [1]	(405.3)	(937.9)	(1,160.7)	(1,159.2)
EBITDA [2] (£m)	308.5	316.5	396.4	440.2
Net debt to EBITDA (not to exceed 3.5 times)	**1.3**	**3.0**	**2.9**	**2.6**
EBITA (£m)	234.3	245.2	333.4	297.6
Net interest (£m)	34.7	48.0	48.7	28.4
Interest cover (at or above 3 times)	**6.8**	**5.1**	**6.8**	**10.5**

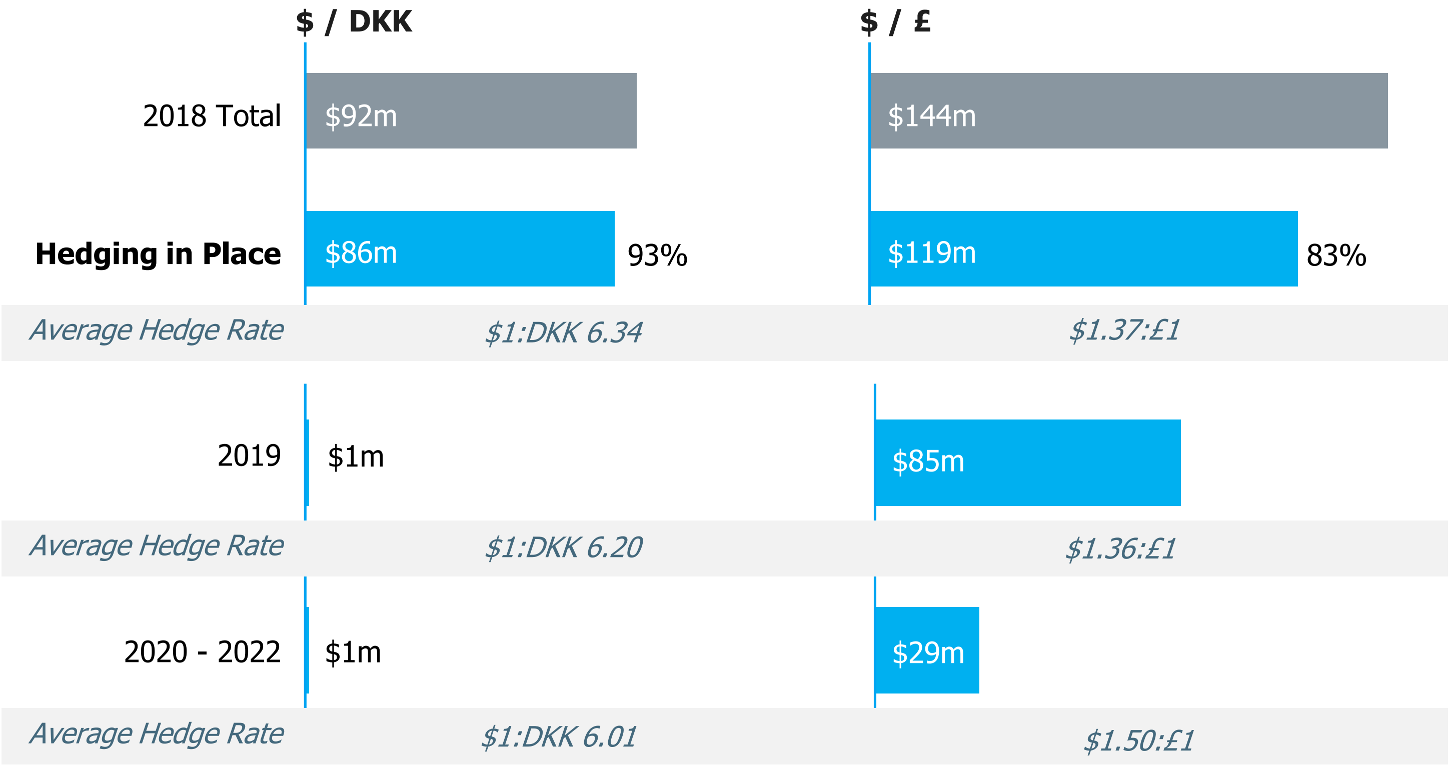
1) For covenant purposes net debt is typically expressed at average translation rates
2) EBITDA includes pro forma adjustments in respect of acquisitions and divestments

Exchange Rates

	Average Rate	Period End Rate
2017		
US$	1.29	1.35
AUS$	1.68	1.73
EUR	1.14	1.13
DKK	8.49	8.39
2016		
US$	1.35	1.24
AUS$	1.83	1.71
EUR	1.22	1.17
DKK	9.11	8.71

	Impact of pro rata 10 cent movement	
£m	**Revenue**	**Underlying Operating Profit**
US$	79	9
AUS$	16	1
EUR/DKK	23	2
Other	4	1
	122	13

Hedging
Transaction Exposure



Dollar / Euro exposure predominantly hedged for 2018 with $48m @ 1.15

Historic Average Effective Rate

2014 $1.61: £1

2015 $1.59: £1

2016 $1.51: £1

2017 $1.41: £1

IR Calendar

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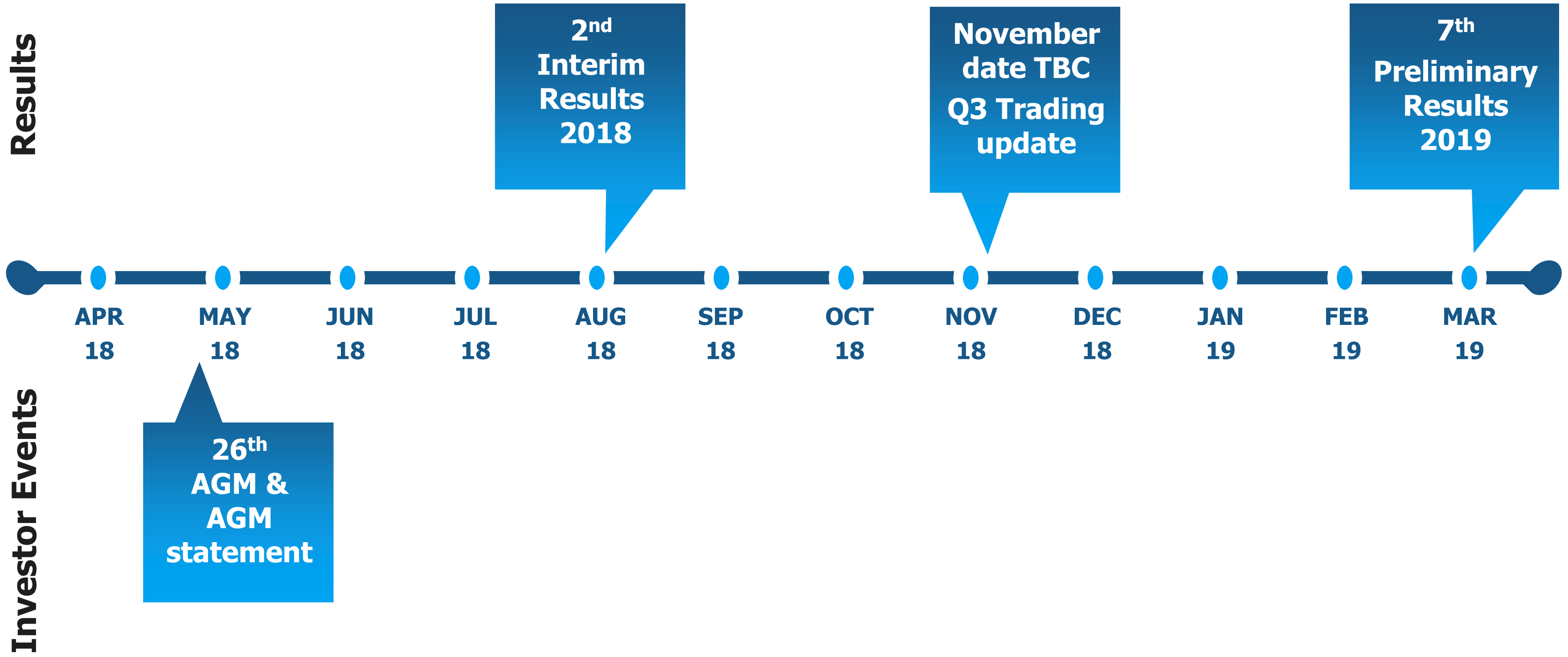

Change to Segmental Reporting

Restatement of Underlying Operating Profit published 19 December 2017

£m	HY12	HY13	HY14	HY15	HY16	HY17	FY12	FY13	FY14	FY15	FY16
CCC	**60.5**	**62.6**	**53.2**	**59.8**	**22.8**	**25.7**	**137.8**	**121.6**	**121.9**	**112.5**	**58.2**
Margin	*21.8%*	*18.7%*	*16.8%*	*14.6%*	*6.9%*	*7.4%*	*21.7%*	*17.9%*	*17.5%*	*14.6%*	*8.4%*
CMS	**39.6**	**34.2**	**22.6**	**27.4**	**26.8**	**26.2**	**85.6**	**78.8**	**41.9**	**74.0**	**60.0**
Margin	*20.7%*	*20.3%*	*16.3%*	*16.4%*	*14.3%*	*12.9%*	*23.0%*	*22.0%*	*12.6%*	*19.4%*	*15.5%*
CAES	**33.5**	**32.7**	**27.6**	**44.4**	**30.2**	**24.7**	**64.3**	**66.2**	**68.3**	**87.7**	**66.2**
Margin	*17.8%*	*18.1%*	*16.0%*	*16.1%*	*13.4%*	*9.2%*	*16.7%*	*17.8%*	*16.7%*	*16.3%*	*12.9%*
CAVS	**19.8**	**22.5**	**26.3**	**28.7**	**22.4**	**13.3**	**39.5**	**48.4**	**54.6**	**58.0**	**40.6**
Margin	*12.1%*	*13.2%*	*12.8%*	*14.1%*	*12.7%*	*7.1%*	*12.1%*	*13.3%*	*13.2%*	*14.9%*	*11.4%*
Non-core businesses	**4.0**	**2.0**	-	-	-	-	**4.8**	**2.6**	-	-	-
Cobham Group	**157.4**	**154.0**	**129.7**	**160.3**	**102.2**	**89.9**	**332.0**	**317.6**	**286.7**	**332.2**	**225.0**
Margin	*18.7%*	*17.8%*	*15.5%*	*15.3%*	*11.1%*	*9.0%*	*19.0%*	*17.7%*	*15.5%*	*16.0%*	*11.6%*

- At the time of the Interim Results Announcement on 3 August 2017, Cobham stated its intention to restate the segmental analysis of underlying operating profit to eliminate the net underlying operating profit previously reported within the 'Head Office and Other' line. The Directors consider that this revision will more fairly reflect the underlying performance of the sectors.
- This information provides an historical analysis of the restated segmental analysis and was previously published on 19 Dec. 2017.
- The Group's total underlying operating profit, its revenue disclosure and the Group cash flow statement are unaffected.

Definitions

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Underlying measures	To assist with the understanding of earnings trends, the Group has included within its published financial statements non-GAAP alternative performance measures including underlying operating profit and underlying profit. The non-GAAP measures used are not defined terms under IFRS and therefore may not be comparable to similar measures used by other companies. They are not intended to be a substitute for, or superior to, GAAP measures. Management uses underlying measures to assess the operating performance of the Group, having adjusted for specific items. They form the basis of internal management accounts and are used for decision making including capital allocation and a subset also forms the basis of internal incentive arrangements. By using underlying measures in our segmental reporting, this further ensures readers of the financial statements can recognise how incentive performance is targeted. Underlying measures are also presented in this report because the Directors believe they provide additional useful information to shareholders on comparative trends over time. Finally, this presentation allows for separate disclosure and specific narrative to be included concerning the adjusting items; this helps to ensure performance in any one year can be more clearly understood by the user of the financial statements. All underlying measures include the operational results of all businesses including those held for sale until the point of sale. These definitions are applied consistently on a year to year basis.
Underlying operating profit	This has been defined as operating profit from continuing operations excluding the impacts of business acquisition and divestment related activity and prior periods' business restructuring costs. Also excluded are changes in the marking to market of non-hedge accounted derivative financial instruments, gains and losses arising on dividend related foreign exchange contracts and other items deemed by the Directors to be of a non-operating nature including the impairment of intangible assets.
Underlying profit before taxation	Underlying profit before taxation is defined as underlying operating profit less net underlying finance costs, which exclude business acquisition and divestment related items and specific finance costs.
Free cash flow and operating cash flow	Free cash flow and operating cash flow are considered to provide a consistent measure of the operating cash flow of the Group's business. These alternative performance measures are used in internal management accounts and for decision making including capital allocation. In addition to the underlying profit measures, underlying cash conversion is also used for internal incentive arrangements, and presenting this information allows users of the accounts to better understand the way in which performance is targeted. Free cash flow is defined as net cash from operating activities plus dividends received from joint ventures, less cash flows related to the purchase or disposal of property, plant, equipment and intangible assets but excluding payments relating to business acquisition and divestment related activities. Operating cash flow is free cash flow before payment of tax, interest and restructuring costs. Operating cash conversion is defined as operating cash flow as a percentage of underlying operating profit, excluding the share of post-tax results of joint ventures and associates.
Net debt	Net debt is defined as the net of borrowings less cash and cash equivalents at the balance sheet date.
Organic revenue	Organic revenue is defined as revenue stated at constant translation exchange rates, excluding the incremental effect of acquisitions and divestments.

Disclaimer

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

This document contains certain ‘forward-looking statements’ with respect to the financial condition, results of operations and business of Cobham plc (Cobham) and to certain of Cobham’s plans and objectives with respect to these items. Forward-looking statements are sometimes but not always identified by their use of a date in the future or such words as “anticipates”, “aims”, “due”, “could”, “may”, “should”, “expects”, “believes”, “intends”, “plans”, “targets”, “goal”, or “estimates”. By their very nature, forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that may or will occur in the future. There are various factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include but are not limited to, changes in the economies, political situations and markets in which the Group operates; changes in government priorities due to programme reviews or revisions to strategic objectives; changes in the regulatory and competition frameworks in which the Group operates; the impact of legal or other proceedings against or which affect the Group; changes to or delays in programmes in which the Group is involved; the completion of any acquisitions and divestitures and changes in currency exchange rates. All or written or verbal forward-looking statements, made in this document or made subsequently, which are attributable to Cobham or any other member of the Group or persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. Cobham does not intend to update these forward-looking statements.

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