

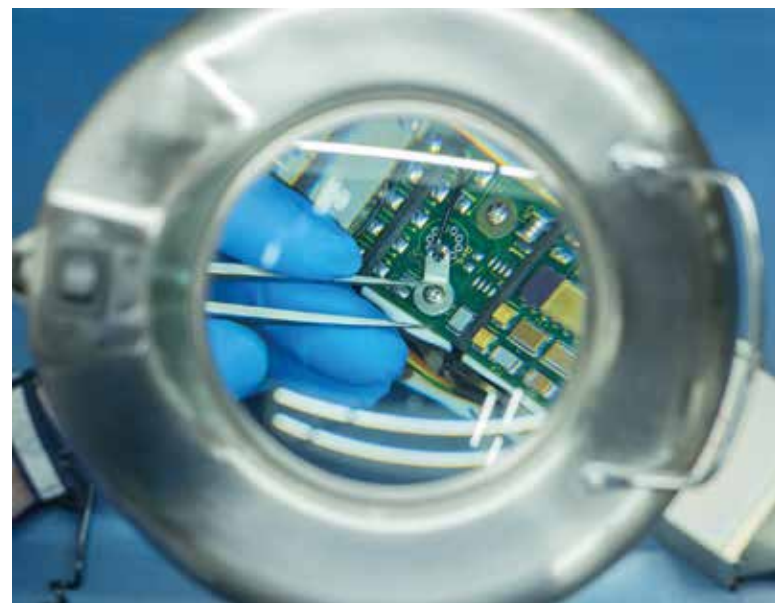
Proactive life cycle support

Ontic, a wholly owned subsidiary of BBA Aviation plc, has over 44 years of aerospace product manufacturing and aftermarket support experience. The company is moving forward aggressively with a strategy to expand its manufacturing activity and support of legacy parts through new acquisitions and licenses; it recently acquired an ESU product line from Curtiss-Wright. Bob Sadler, Director of Business Development at Ontic, explains what makes their business model unique, and why there is a growing need for their services at a time when the aerospace industry is experiencing significant growth.

Since BBA acquired the Chatsworth, California-based company in 2006, Ontic's revenues have ballooned from \$35 million to approximately \$200 million today. Their headquarters is in Cheltenham, UK and there is now another facility in Singapore. Based in the UK with operations worldwide, BBA is a market leading, global aviation support and aftermarket services provider, primarily focused on servicing the Business and General Aviation (B&GA) market.

Mr. Sadler, who joined Ontic 31 years ago, says the focus in recent years, under the BBA umbrella, has been on acquiring new intellectual property from our OEM partners. "We acquire

intellectual property for products of tier 1 manufacturers; these are products that these manufacturers still need to service, but that are no longer are part of their core business," he explains. "We are a trusted partner to many of these OEMs. Through our global operations, we ensure that their products and parts continue to be manufactured and serviced to the highest standard." He emphasises that Ontic is not a subcontractor: "Under the agreements we have with OEMs, we are an OEM ourselves. We have all of the certifications required. But OEMs don't see us as a threat as we do not design our own product lines. Our focus is uniquely on keeping these older or non-core products alive."



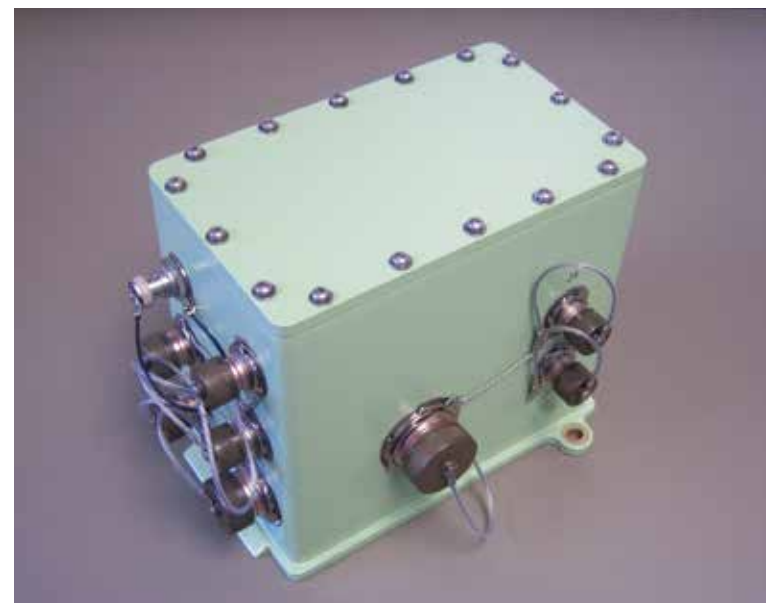
Theirs is a popular service right now, at a time when the aerospace industry is experiencing significant growth. In a recent report, Deloitte said it expects growth for the industry to increase by 4.1 percent in 2018, doubling last year's 2.1 percent growth. Major factors in this are the recovery of global gross domestic product (GDP), stable commodity prices, and heightened passenger travel demand, on the commercial side, while on the defence sector side, heightened global security threats as well as higher defence spending from other major regional powers such as India, China, and Japan are likely to drive global defence sector revenue growth in 2018 and beyond. "OEMs feel they can afford to look at alternative support for their non-core products, and that way free up resources for strategic priorities," says Mr. Sadler. He also credits parent company BBA for Ontic's continued expansion. "With their global resources they've been able to fund our expansion, and our acquisitions of intellectual property."

Underscoring his words, Ontic had signed many new agreements with high-profile OEMs in recent years. The company, among others, manufactures parts for Pratt & Whitney Canada (P&WC) JT15D engine, and legacy avionics parts including electromechanical, barometric, gyroscopes and electronics products for GE Avionics. While much of the work Ontic does involves military and commercial platforms, they also manufacture items such as clocks, airspeed indicators and altimeters for Bombardier Challenger 300 and 600 models, as well as Hawker 800s. The company is finding success across



several platforms, but particularly in the areas of electronics and avionics, according to Mr. Sadler.

The already expansive Ontic portfolio was recently further expanded through the acquisition of an ESU product line from Curtiss-Wright. The product line will be transitioned via Ontic's proven adoption process into Ontic's Chatsworth, California facility. Ontic will provide the customers with complete support including production and aftermarket manufacturing and MRO services. The proactive life cycle support planning that Curtiss-Wright has undertaken with Ontic provides assurance to the customers that these products are available for as long as the



market requires them, while Curtiss-Wright continues its focus on future technology for Military Ground Vehicles.

In other recent news, Ontic signed a new exclusive license agreement with Honeywell for cockpit displays. The license covers 26 product families consisting of 162 line replaceable units. These LRU's are fitted on over 50+ various commercial, military fixed-wing and rotorcraft aircraft manufactured by a number of aircraft OEMs including Airbus, Boeing, Lockheed Martin, Bombardier & Korean Industries, etc.

Mr. Sadler expects that these recent agreements will not end Ontic's thirst for acquisitions. "We are poised for

continued significant growth, and are fully supported in this by our parent company. We are quite fortunate to be in this position: our business model is unique, as is our global reach, and we're well protected to cyclical developments. We do well when aviation is booming, but also when there's a slowdown as both can make a case for a rationalisation of an OEM's product portfolio. Our one challenge is that we need to keep a constant eye on developments in the aerospace industry: on which new programmes OEMs are investing in, and which programmes are no longer a priority for them."

Ontic's global legacy focus is supported from manufacturing and MRO facilities in Chatsworth, California; Cheltenham in the United Kingdom; and in Singapore.



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