

Magellan Aerospace Expands its United Kingdom (UK) Operations

TORONTO, May 6 /CNW/ - Magellan Aerospace Corporation is pleased to announce a series of moves to strengthen its Magellan Aerospace (UK) Limited business base. The actions include the signing of new supply agreements with Airbus and the sale of certain non-core assets included with the original Magellan UK acquisition.

Under the Airbus agreements, Magellan will absorb into its UK operations effective immediately an additional pnds stlg 10 million annually of small, medium, and large, complex aluminium and hard metal machining work. The work is spread across the Airbus range of products with significant content on the A380 program. These agreements will make Magellan UK the largest single supplier of machined details for the Airbus wings produced by Airbus UK in Filton and Broughton.

To undertake this work, Magellan UK has secured additional equipment and facilities to accommodate the expanded workload and to anticipate volume increases as the demand for Airbus aircraft continues to grow. The additional capacity, located adjacent to existing Magellan UK operating facilities, will provide an opportunity to rationalize the increased workload across all divisions, reduce overhead costs, and absorb the cost reduction demands that are now a feature of aerospace lean manufacturing. The greater capacity also brings the benefit of additional work on AgustaWestland helicopter programs and with the GKN Group, contributing collectively additional annual revenues of pnds stlg 4 million to pnds stlg 5 million.

On April 16, 2004, Magellan also completed the sale of Magellan Technical Services ("MTS"), a resourcing business largely focused on the automotive sector, for net proceeds of approximately pnds stlg 1 million. MTS was acquired originally by Magellan as part of the Mayflower Aerospace asset purchase completed in late 2003. Proceeds from the sale will be added to working capital, and used to support expansion of current Magellan UK manufacturing activities and investment in Airbus product development. Magellan UK will retain its engineering capability at Filton and Biggleswade in support of aerospace activities.

Magellan Aerospace Corporation is one of the worlds most integrated and comprehensive aerospace industry suppliers. Magellan designs, engineers, and manufactures aeroengine and aerostructure assemblies and components for aerospace markets, advanced products for military and space markets, and complementary specialty products. Magellan is a public company whose shares trade on the Toronto Stock Exchange (TSX: MAL), with operating units throughout Canada, the United States and the United Kingdom.

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