



27 March 2020

Dear Shareholder,

Melrose Industries PLC and actions relating to the COVID-19 outbreak

As you are aware, we are currently experiencing unprecedented events surrounding the worldwide outbreak of the COVID-19 virus. In the few short weeks since we announced our very successful set of 2019 financial results, the global situation has completely changed and we face very difficult health and economic circumstances. As we go to print with our 2019 Annual Report and Accounts, the impact of this outbreak is still uncertain. However, it is clear that the language and tone of our 2019 preliminary results announcements, and therefore as reflected in our 2019 Annual Report and Accounts, are no longer appropriate for 2020.

As set out in the accompanying Notice of Annual General Meeting, to assist with the ongoing and proper governance of the Company at this challenging time, the current intention is to hold the Annual General Meeting on 7 May 2020, albeit on a much reduced scale and in accordance with Government guidance, with attending directors ensuring a quorum.

THEREFORE, THERE IS NO NEED FOR ANY SHAREHOLDER TO ATTEND THE AGM IN PERSON. IN LINE WITH GOVERNMENT GUIDANCE, WE URGE ALL SHAREHOLDERS NOT TO ATTEND, BUT TO MAKE USE OF PROXIES TO EXERCISE THEIR VOTING RIGHTS AND SUBMIT ANY QUESTIONS PRIOR TO THE MEETING USING THE SERVICE PROVIDED (PLEASE REFER TO THE NOTICE OF AGM FOR FULL DETAILS).

If, despite this request, any shareholder nonetheless seeks to attend in person, the chairman reserves the right to suspend the meeting immediately and seek an alternative time when it can be held safely and in accordance with Government guidance.

Your Board, along with our management team and all employees, are taking all the necessary actions right across the Melrose Group to protect the health and wellbeing of our employees, customers and suppliers, and to ensure that our businesses deal with the crisis in the best manner possible for all stakeholders. Your Board is focused on ensuring that they emerge well positioned to continue the improvements on the path to unlocking their full potential.

A major focus of the actions being taken is to ensure the Company's cash position remains strong whilst the full impact of the outbreak continues to unfold. These actions include a number of operational initiatives, as well as close and regular discussions with the providers of financial capital to the Group.

In light of this, although at the time of writing this letter we have included in the Notice of AGM the flexibility to propose a resolution for a final dividend of 3.4 pence per ordinary share, this remains very much under review and your Board reserves the right to reduce, delay or remove it at any time.

Your Board will not hesitate to do so, should we consider it appropriate in the circumstances.

With that in mind and mirroring sacrifices being made elsewhere in the Group, the Board and senior Melrose executive team have committed to a 20% reduction in salary during the crisis. It is necessary to propose a new directors' remuneration policy for approval at the upcoming Annual General Meeting. However, given the present uncertainty and lack of clarity, until this crisis is over the Board will not be proposing a resolution in relation to a new long term incentive plan to follow the current plan expiring in May. Clearly, with recent events, the current plan will not result in any award for participants.

We are very grateful for the constructive engagement and widespread support for the new long-term incentive proposal we received from investors and other stakeholders during the extensive consultation exercise we recently completed. Once the COVID-19 crisis has passed, your Board will propose an appropriate incentive plan continuing from the previous one for approval by shareholders.

We encourage everyone to continue to check our website for updates and announcements relating to the Annual General Meeting, developments surrounding the worldwide COVID-19 outbreak and actions we are taking as a result. We would like to reiterate that we are taking all actions necessary to protect the Group, to best position us for the future, and to be able to continue to deliver the success our shareholders have enjoyed since Melrose was first established in 2003.

We are determined to emerge from this challenge with stronger, better businesses and look forward to demonstrating this to you. I hope that you and your family remain safe and well in these difficult times.

Yours sincerely,

Justin Dowley
Chairman
Melrose Industries PLC