

Trading Update

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MELROSE INDUSTRIES PLC

Trading Update

Strong start to the year, full year expectations unchanged

Melrose Industries PLC ("Melrose") announces the following trading update for the quarter from 1 January to 31 March 2024 ("the Period"). All numbers are calculated at constant currency.

Revenue was up 8% on the same period in 2023 with Engines showing strong progress, up 21%, and Structures flat, as expected. Ongoing restructuring projects and business improvement actions are progressing well. As a result, adjusted operating profit is up substantially on the prior year, in line with our expectations and recently upgraded guidance. Our end markets continue to be positive with strong demand and increasing backlogs in both civil and defence, and favourable Engines aftermarket dynamics.

Engines

The strong performance in Engines was driven by aftermarket with our RRSPs and repair activities growing above the divisional average. Engine OE volumes continue to increase, albeit they are still constrained by industry-wide supply chain issues. Given the higher profitability of aftermarket, the resulting business mix is generating strong margins, in line with previous guidance.

Structures

The flat reported revenue in Structures, as expected, reflects the planned exit of non-core work and destocking by a major customer as highlighted at our full year results. The division is making encouraging progress from business improvement actions, with the majority of benefits expected in the second half and into 2025. These improvements include the recent agreement to transfer the St. Louis site to our customer, Boeing Co., as part of our planned defence portfolio reshaping.

Outlook

The Group's full year guidance is unchanged, with an expected 33% year-on-year increase in adjusted operating profit to £560

million at the midpoint (pre-PLC costs), modestly second half weighted as previously indicated.

Peter Dilnot, Chief Executive Officer of Melrose said:

"We have had a strong start to the year with a particularly good performance from our Engines division. We expect this momentum to continue throughout the year. Longer term, the Group is well positioned to deliver ongoing growth and margin expansion supported by positive end markets and excellent business improvement momentum. We are confident about unlocking significant further potential in the years ahead."

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