

# Trading Update

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Melrose Industries PLC  
18 November 2024

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**MELROSE INDUSTRIES PLC**  
**Trading Update**  
**Full year expectations unchanged**

Melrose Industries PLC ("Melrose" or "the Group") announces the following trading update for the four months from 1 July 2024 to 31 October 2024 ("the Period"). All numbers are calculated at constant currency<sup>1</sup>.

Revenue was up 7%<sup>2</sup> on the same period in 2023, with Engines, up 17%<sup>3</sup>, showing strong progress driven by aftermarket revenues, and Structures growing at 1%<sup>2,3</sup>, impacted by well-publicised OE volume reductions and previously announced customer destocking. We continue to partner closely with our major customers to execute efficiently on production schedules, whilst our internal business improvement actions progress as planned. As a result, adjusted<sup>4</sup> operating profit continues to grow on the prior year, in line with our expectations.

End market demand continues to be positive, and our full year expectations remain unchanged.

**Engines**

The Engines division's revenue performance continues to be driven by our aftermarket business, which is up 32% versus prior year with a particularly strong contribution from defence. OE volume growth remains constrained by industry-wide supply chain issues. Looking ahead, the division is well placed to meet the ongoing industry ramp-up from its established positions as well as through new technologies.

**Structures**

Revenue in Structures, as previously highlighted, continues to reflect the planned exit of non-core work, customer destocking and industry-wide supply chain challenges affecting OE production rates. Defence repricing and business improvement actions, which are focused on this division, are coming through as planned. Restructuring programmes are on track and are nearing completion, which will result in a significant reduction in associated cash spend in 2025.

**Outlook**

As we progress through the second half, the Group's full year expectations are unchanged with adjusted<sup>4</sup> operating profit at £550 million to £570 million<sup>5</sup>. Net debt<sup>4</sup> is also anticipated to end the year in line with current expectations.

In 2025, despite continued supply chain challenges, we expect to make strong trading progress and we are on track to deliver our adjusted<sup>4</sup> operating profit target of £700 million<sup>1,5</sup>. This performance is expected to be led by the strong aftermarket performance in our Engines division offsetting OE volume constraints.

Importantly, the Group expects its cash flow position to improve significantly next year and to deliver substantial free cash flow in 2025 (post interest and tax). The Group's cash flow is poised to grow materially beyond this as a result of the completion of our restructuring programmes, the resolution of the GTF powder metal issue, all RRSPs<sup>6</sup> generating cash and the continuing growth of the Group's profits.

The Group will provide longer term financial targets for the period beyond 2025 at its full year results on 6 March 2025.

**Peter Dilnot, Chief Executive Officer of Melrose said:**

"It's encouraging that we remain on track to deliver on our full year expectations, despite the industry-wide supply chain challenges. This reflects the strength of our businesses and the balanced position we have with our aftermarket offsetting original equipment headwinds. As we move into 2025, we enter a period of significant and sustained growth in our cash flow for many years ahead. I am confident that Melrose's established capabilities, technology leadership, and unique position on the world's leading aircraft and engines will create substantial value in the future."

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- 1 - Provided at a foreign exchange rate of USD 1.25: £1
- 2 - Growth rates are adjusted for disposals made in the first half of 2024
- 3 - On a like-for-like basis adjusting for a transfer of business between divisions
- 4 - Described in the glossary to the Melrose Industries PLC Interim Financial Statements and considered by the Board to be a key measure of performance
- 5 - Pre-plc costs
- 6 - Risk and Revenue Sharing Partnerships. Further details on RRSPs can be found on the Melrose plc [website](#).

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