Melrose Industries PLC

Full Year Results
Year ended 31 December 2024

6 March 2025

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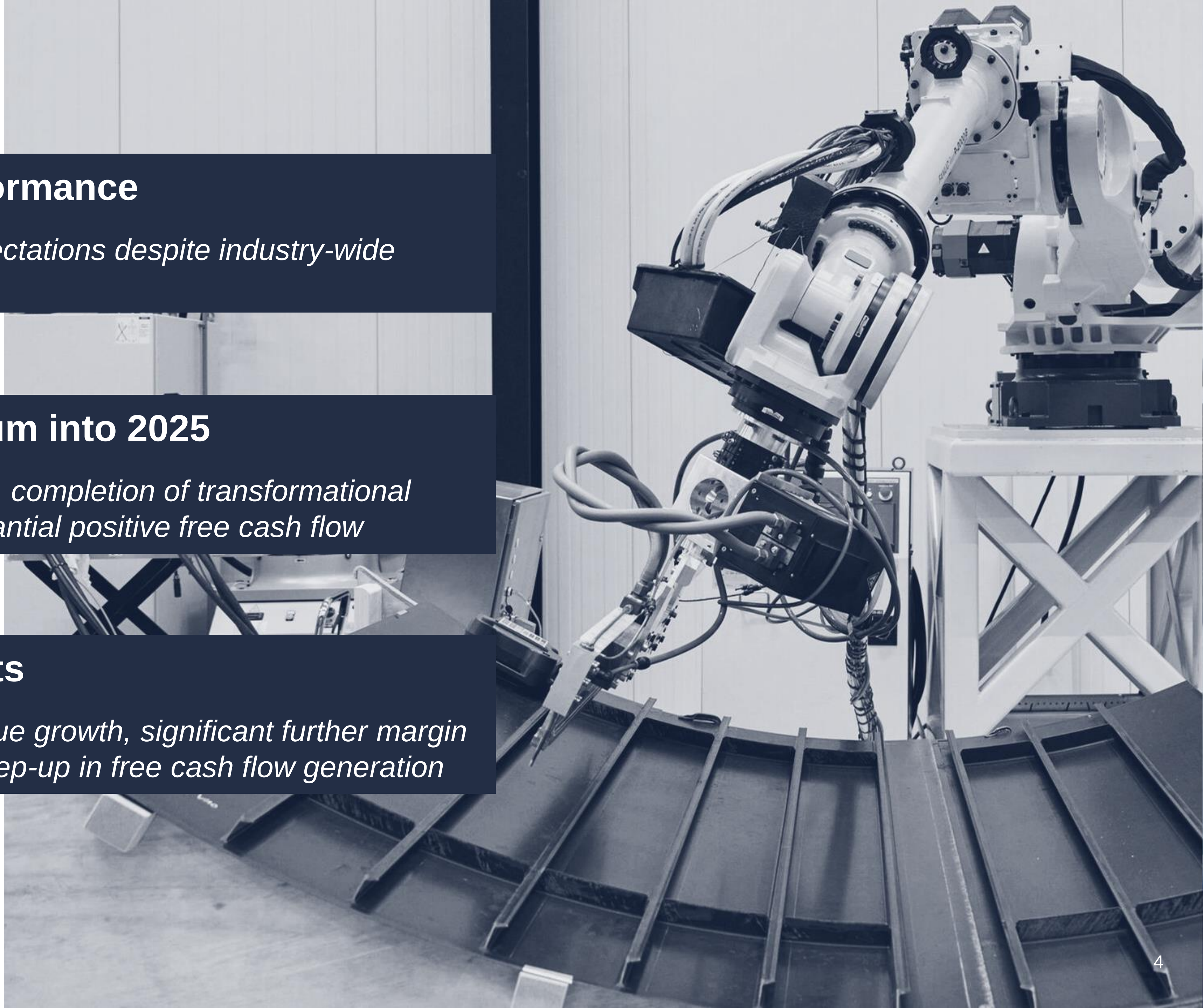
Highlights

2024 Results and 2025 Guidance

5 Year Targets

Highlights



1

Strong 2024 Performance

Profit at top end of expectations despite industry-wide supply chain issues

2

Positive Momentum into 2025

Continued profit growth, completion of transformational restructuring and substantial positive free cash flow

3

New 5 Year Targets

Delivering strong revenue growth, significant further margin expansion and major step-up in free cash flow generation

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1 Strong 2024 Performance

Financial Highlights

11%[1] increase in revenue to £3.47bn

42% increase in operating profit to £540m

Positive free cash flow in H2

Operational Improvements

80%
Reduction in LTAs[2]

11%
Reduction in customer quality escapes[3]

~2.4ppts
Increase in productivity

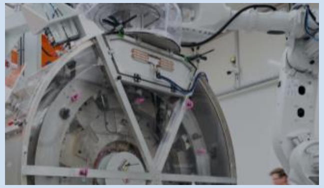
Organic Growth Initiatives

Garden Grove expansion

Secured over £100m funding for new production line to double **F-35 canopy** capacity

New repairs site in San Diego

Leveraging **advanced automation and robotics;** fully operational shortly



Additive fabrication progress

Operational scale-up and commercial discussions with all engine OEMs **progressing at pace**

Portfolio Optimisation & Restructuring

Three more exits in non-core areas in Structures (Fuel Systems, St. Louis and Orangeburg)

Defence repricing progress as planned, with 61% of revenue sustainably priced

1. Excluding exited businesses
2. Lost time accidents
3. Customer quality escapes relate to product that is shipped to a customer that does not meet all quality criteria

Successfully navigated ongoing industry-wide supply chain and production issues

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2 Positive Momentum into 2025

Strong Profitable Growth

~7%[1]
Revenue growth

~£130m[2]
Aerospace operating profit increase to £700m[2]

~3ppts[2]
Aerospace operating margin increase

Transformational Restructuring

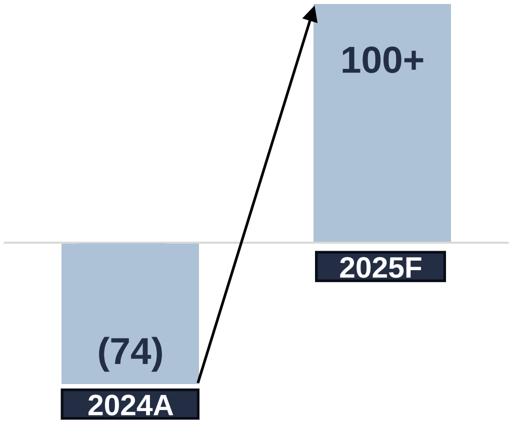
Completing integrations and **finalising restructuring** projects

Delivering **productivity gains** from site consolidation

85% of defence portfolio **sustainably priced**

Inflection Point for Cash Generation

Free cash flow £m
(after interest and tax)[3]



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1. Calculated using the mid-point of the range and excluding exited businesses
2. Calculated using the mid-point of the range
3. Described in the glossary to the Preliminary Announcement and considered by the Board to be a key measure of performance

3 5 Year Targets

Revenue	Operating Profit[1]	Free Cash Flow[2]
~£5bn	**£1.2bn+**	**£600m**
HSD[3] CAGR	Margin up to 24%+	And growing beyond

>20% EPS[4] CAGR

Financial targets for the year ended 31 December 2029; growth metrics are compound annual growth rates from the year ended 31 December 2024 to the year ended 31 December 2029

1. Adjusted operating profit
2. After interest and tax
3. High single digit
4. Diluted EPS; not including any additional share buybacks beyond the completion of the current programme

Highlights

2024 Results and 2025 Guidance

5 Year Targets

Results Overview: Profit at Top End of Expectations

£m	Adjusted[1] results 2024	Growth vs 2023
Revenue	3,468	11%[2]
Aerospace operating profit	566	38%
Aerospace operating margin %	16.3%	3.8ppts
PLC costs	(26)	(14%)
Group operating profit	540	42%
Diluted earnings per share	26.4p	45%

Revenue growth continues to be strong, led by the Engines division due to buoyant aftermarket

Industry supply chain issues persist impacting OEM build rates and Melrose operations

Group operating profit at top end of expectations

Business improvement plans continue to deliver with margins growing ahead of plan driven by Engines

Improvement in operating profit drives diluted EPS growth of 45%

1. Described in the glossary to the Preliminary Announcement and considered by the Board to be a key measure of performance
2. Excluding exited businesses

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Strong 2024 profit, at top end of expectations

Divisional Overview

Adjusted[1] results 2024 £m	Revenue	Operating profit	Operating margin	*Growth vs 2023* Revenue	*Growth vs 2023* Operating profit	*Growth vs 2023* Operating margin
Engines	1,459	422	28.9%	*26%*	*40%*	*2.9ppts*
Structures	2,009	144	7.2%	*3%[2]*	*32%*	*2.1ppts*
Aerospace	**3,468**	**566**	**16.3%**	***11%[2]***	***38%***	***3.8ppts***
PLC costs	-	(26)	n/a	-	*(14%)*	*n/a*
Group	**3,468**	**540**	**15.6%**	***11%[2]***	***42%***	***4.0ppts***

Aerospace

Sales growth of 11%[2], largely driven by growth in Engines aftermarket and improved commercial terms

38% increase in operating profit, with margins expanding by 3.8ppts

Engines

Sales growth of 26% driven by ongoing expansion in aftermarket; operating profit up 40%

Continued RRSP growth, supported by strong increase in aftermarket for military and repair; business improvements reading through

Structures

Sales growth of 3%[2] as customer deliveries impacted by industry-wide supply chain issues; operating profit improved 32%

Strong year-on-year progress with margins at 7.2% demonstrating good progress towards 2025 guidance through operational improvements, restructuring and ongoing defence repricing

1. Described in the glossary to the Preliminary Announcement and considered by the Board to be a key measure of performance
2. Excluding exited businesses

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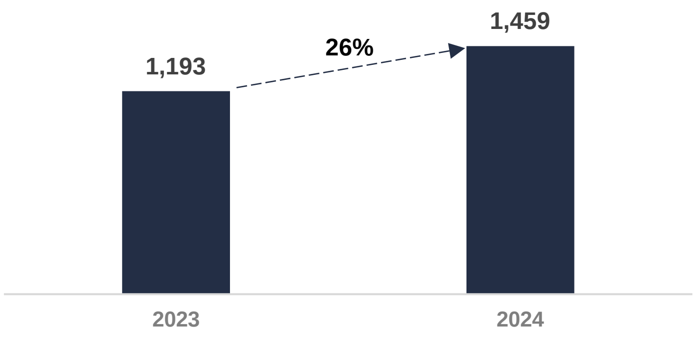
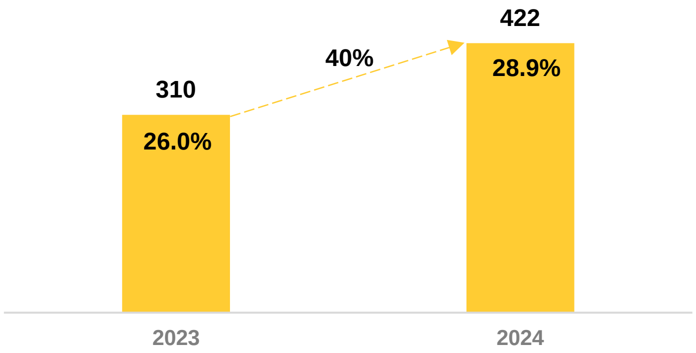
Continued strong margin expansion

Engines: Results

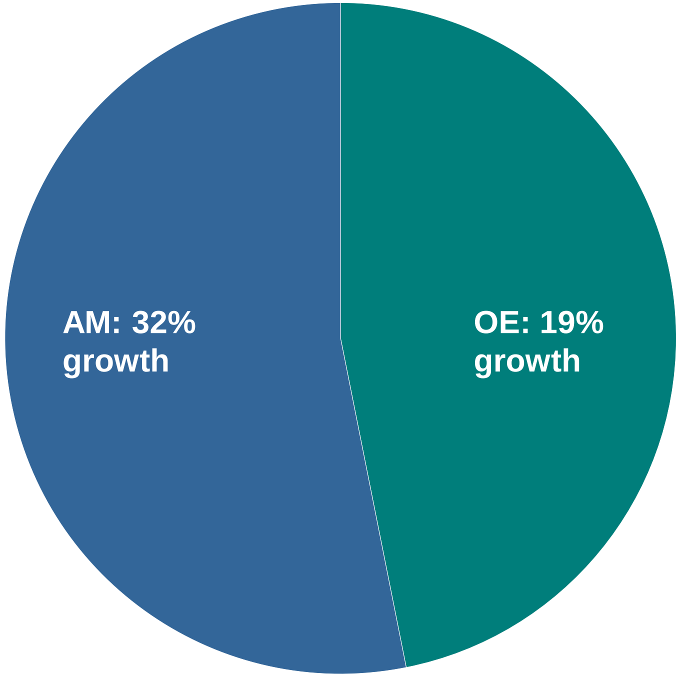
REVENUE (£m)



ADJUSTED[1] OPERATING PROFIT (£m)



REVENUE SPLIT AND 2024 GROWTH %



Revenue growth of 26% is driven by strong aftermarket ('AM') growth of 32% with OE growing by 19%

AM revenue growth was driven by military (74%), parts repair (18%) and RRSPs (30%). RRSP revenue includes total variable consideration of £274 million

Strong commercial progress in all segments

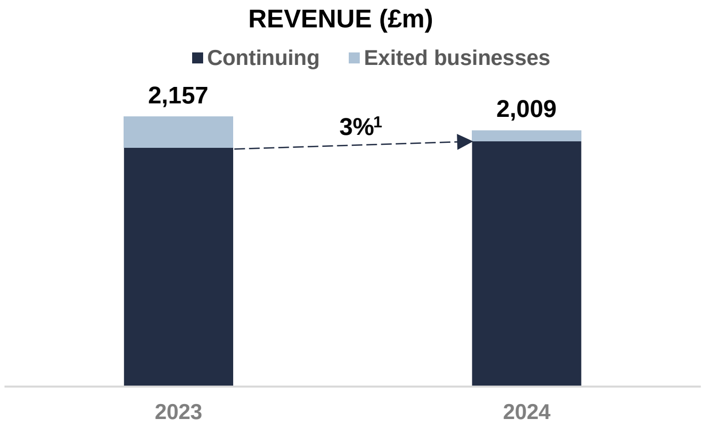
40% increase in operating profit through growth in AM and business improvements. 28.9% operating margin delivered – exceeding 2025 targets a year early

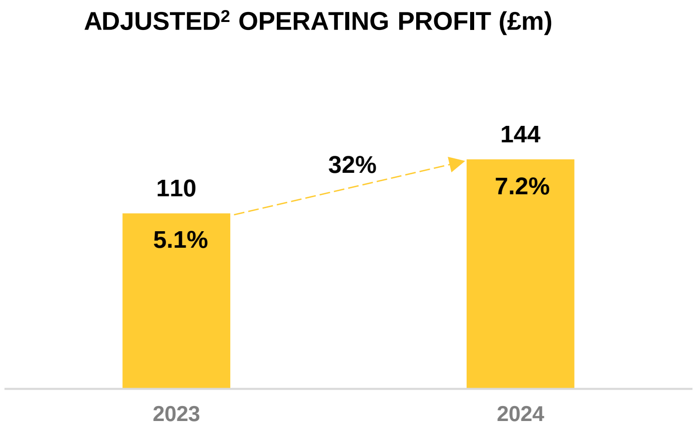
Restructuring plans substantially complete and benefits reading through

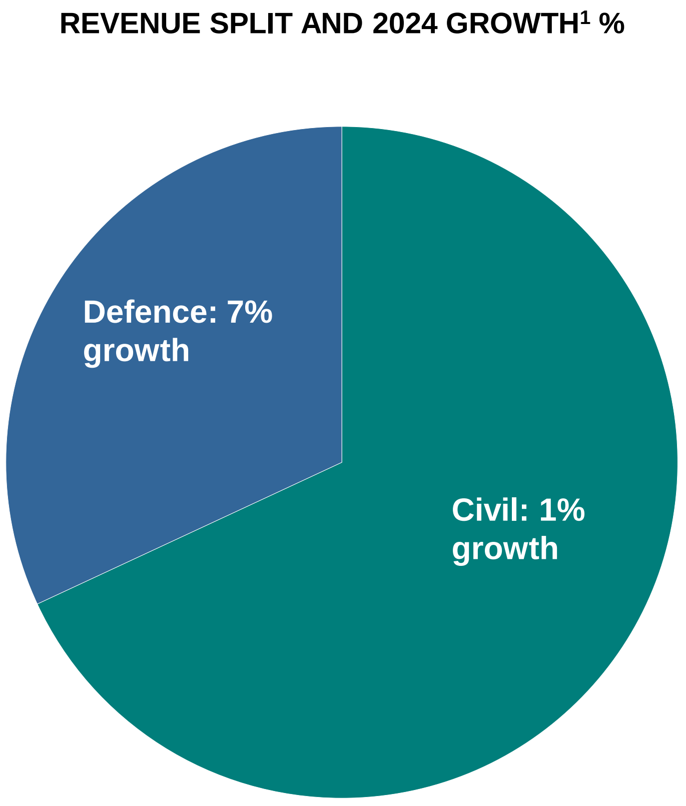
1. Described in the glossary to the Preliminary Announcement and considered by the Board to be a key measure of performance

Strong revenue growth; margins exceeding 2025 targets a year early

Structures: Results







- Revenue growth of 3%[1] driven largely by improved commercial terms and offset by volume constraints
- Volumes constrained by delays to customer delivery ramp-up due to industry-wide supply chain issues
- Civil revenue growth led by business jets; defence revenue up 7%[1] from increased build rates and improved pricing
- Strong commercial progress in both businesses
- Operating profit increased 32% due to commercial and operational gains reading through, with more to come. 7.2% operating margin delivered in line with expectations
- Restructuring plans advanced and yielding benefits. Exited three non-core Structures businesses, part of footprint rationalisation

1. Excluding exited businesses, which contributed £85 million to Structures revenue during the year ended 31 December 2024 (2023: £250 million)
2. Described in the glossary to the Preliminary Announcement and considered by the Board to be a key measure of performance

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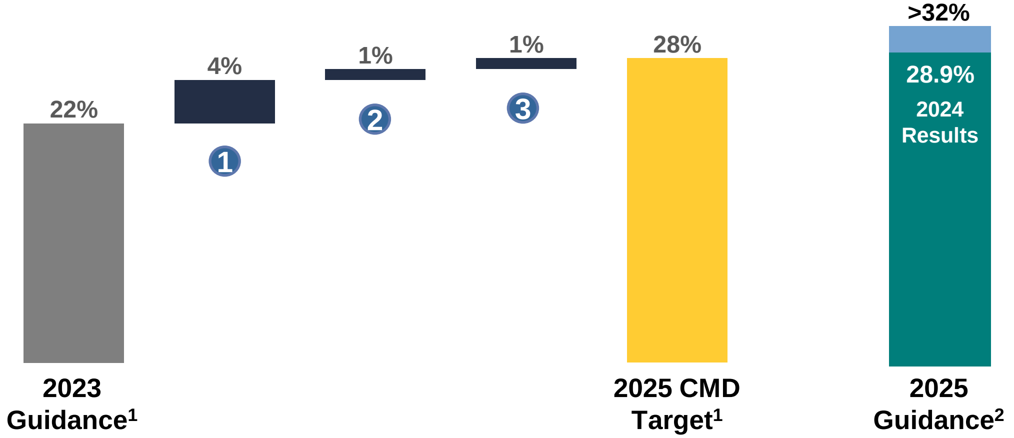
Business and margin improvements on track to deliver 2025 targets

Margin Expansion Levers: Path to 2025

2025 targets

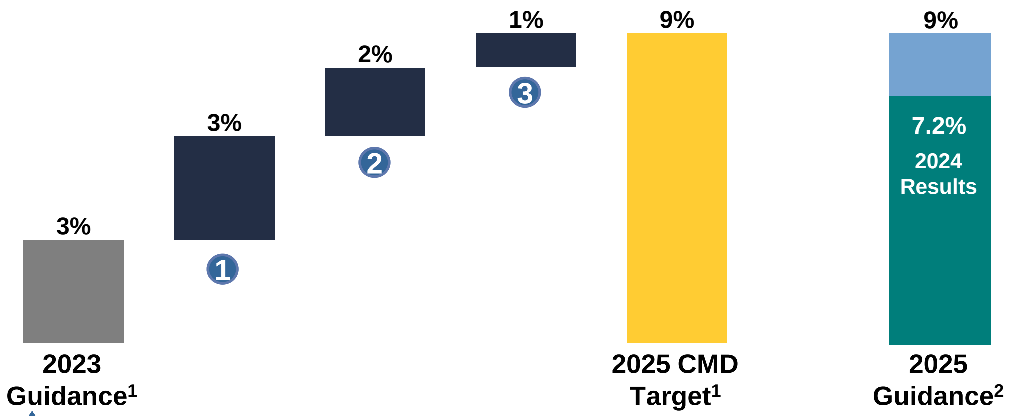
Progress to date

Engines well ahead of plan; target already exceeded



	Lever	Status	Details
1	**RRSP contribution**	✓✓✓	Delivered ahead of plan due to better mix of strong profitable aftermarket, with flight hours ahead and older engines flying longer
2	**Growth initiatives**	✓✓	Parts repair progressing well with increased breadth of certified components and new facility online
3	**Business improvements**	✓✓✓	Business improvements delivered ahead of plan with final business transfers in the US to be completed this year

Structures on track overall despite industry challenges; guidance reconfirmed



	Lever	Status	Details
1	**Civil ramp-up**	✓	Full margin improvement from civil ramp-up is being held back by delays in airframer production rate increases, driven by supply chain challenges
2	**Defence portfolio & pricing**	✓✓	Continued good progress and on track to meet planned 85% target
3	**Business improvements**	✓✓	Good progress through disposals and site rationalisation, productivity gains hampered by supply chain shortages. Completion of integration in the Netherlands by the end of 2025

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1. 2023 guidance and 2025 targets given during the Capital Markets Day in May 2023
2. 2025 guidance as per page 16

✓✓✓ **Delivered or ahead of plan** ✓✓ **On track** ✓ **Progress made but challenging environment**

Results Overview: 2024 Statutory Results

	Adjusted[1] results £m	Statutory results £m
Operating profit/(loss) (post-PLC costs)	540	(4)
Net finance costs	(102)	(102)
Net tax (charge)/credit	(88)	57
Profit/(loss) after tax	350	(49)
Diluted earnings per share	26.4p	(3.7)p
Full year dividend per share	6.0p	6.0p

Adjusting operating items were principally amortisation of intangibles acquired in business combinations, restructuring costs, disposal losses and exchange movements not hedge accounted; further details are included in the Appendix

Net finance costs of £102 million, mainly comprising interest on bank loans – interest cost on gross drawn debt was 5.7%

Adjusted tax rate[1] of 20.1% due to the recognition of certain deferred tax assets in Malaysia and Sweden

Final dividend of 4.0p per share proposed. Full year dividend of 6.0p per share, 20% year on year growth. Committed to growing annual dividend in line with capital allocation policy

1. Described in the glossary to the Preliminary Announcement and considered by the Board to be a key measure of performance

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Cash Generation: Robust Delivery in Challenging Operating Environment

Free cash flow[1]

£m	2024
Adjusted operating profit[1]	**540**
Depreciation and amortisation	142
Lease obligation payments	(32)
Non-cash impact from loss-making contracts	(23)
Movement in unbilled work done	(309)
Movement in trade and other working capital	(20)
Adjusted operating cash flow (pre-capex)[1]	**298**
Net capital expenditure[1]	(123)
Defined benefit pension contributions	(20)
Trading net other	(6)
Restructuring	(126)
Free cash flow pre-interest and tax[1]	**23**
Net interest and net tax paid	(97)
Free cash flow[1] (after interest and tax)	**(74)**

Net debt[1]	**(1,321)**
Leverage[1]	**1.9x**

Strong trade working capital performance in H2 in line with seasonality of the Group. Full year movements greater than sales growth due to supply chain issues

Capex grew to 1.1x depreciation of owned assets

Restructuring: £126 million spent, lower than guidance

Cash tax: £10 million, lower than P&L charge due to utilisation of historical losses

Share buyback programme progressing well - £431 million spent during 2024 buying back shares in the market in addition to dividends (£72 million). £500 million buyback scheme completed in September 2024, with commitment to further £250 million through to March 2026

Net debt[1] of £1,321 million and leverage[1] of 1.9x at 31 December 2024, both in line with expectations

1. Described in the glossary to the Preliminary Announcement and considered by the Board to be a key measure of performance

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2025 Guidance

Aerospace (pre-PLC costs)

£m	**2024 results**	**2025 guidance[1]**
Revenue[2]	3,468	3,550-3,700
Operating profit	566	680-720
Operating margin	16.3%	>19%

Margin by division:		
Engines	28.9%	>32%
Structures	7.2%	9%
Aerospace (pre-PLC costs)	**16.3%**	**>19%**

PLC costs	(26)	(30)

Engines: Revenue growth from stronger OE and parts repair. Operating profit guidance of £515-£545 million, including variable consideration of £320-£360 million. Margins to exceed 32% at mid-point

Structures: Revenue growth impacted by industry-wide supply chain challenges. Operating profit guidance of £165-£175 million. Margins to reach 9% at mid-point

PLC costs: Operating costs of £27 million plus a £3 million non-cash LTIP charge

Interest cost on gross drawn debt c.5.4%

Adjusted tax rate of 21%-22%

Impact of tariffs not material as currently implemented. Not included in current guidance

1. Assuming USD:GBP of 1.25:1
2. 2024 revenue excluding exited businesses was £3,383 million

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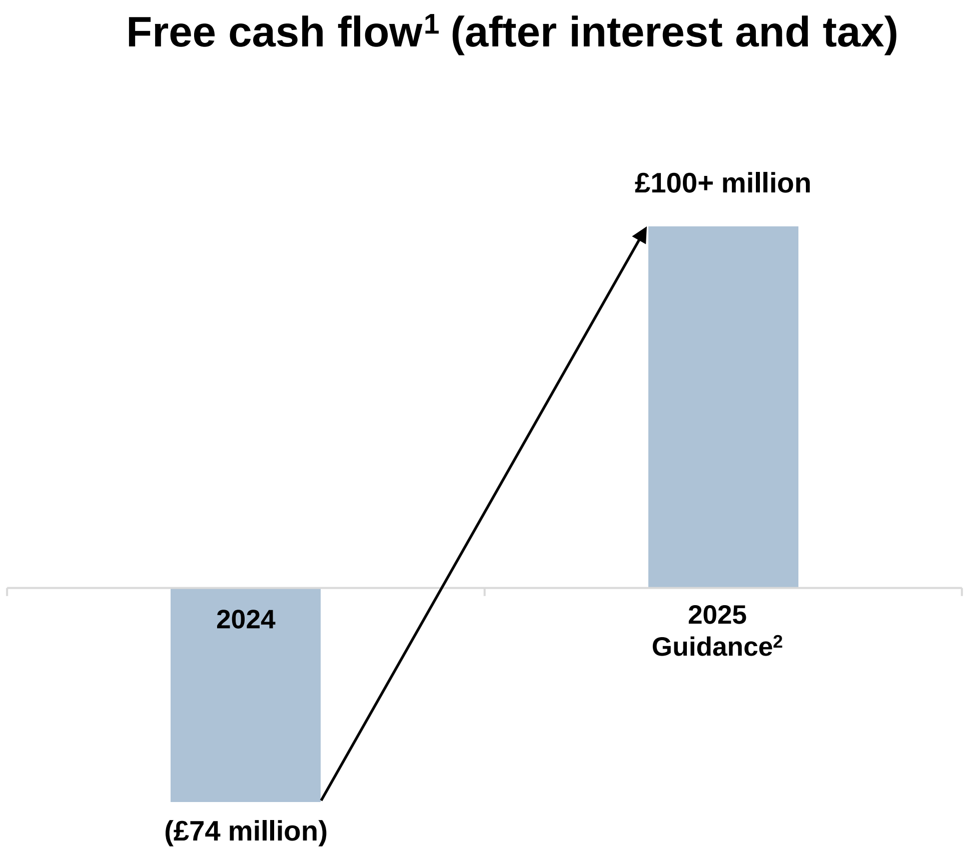
2025 Guidance: Free Cash Flow[1]



Growth in free cash flow[1] driven by:

- **Increased RRSP cash flows**
- **Operational improvements to businesses**
- **Reduced restructuring cash spend as transformational restructuring programme nears completion**
- **Outflow of c.£70 million expected due to P&W GTF powder metal issue**
- **Continued investment in maintenance and growth CAPEX**

Leverage[1] to remain <2x, free cash flow[1] will continue to be second half weighted

2025 guidance			
Trade working capital % of sales – 13%	Restructuring – £40-£50 million	Capex ratio to depreciation – 1-1.1x	Cash tax - c.4% of adjusted PBT[1]

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1. As described in the glossary to the Preliminary Announcement and considered by the Board to be a key measure of performance
2. Assuming USD:GBP of 1.25:1

Highlights

2024 Results and 2025 Guidance

5 Year Targets

Our Foundation for Growth

Established positions on **100%** of the world's high volume aircraft[1]

#1 **Independent aerostructures** business with **global reach** and **local presence**[2]

Engines RRSP aftermarket entitlement on **~70%** of global flying hours

>70% revenue from **sole source** positions[3]

Proprietary additive fabrication technology in demand from **All** engine OEMs

Partner on both **next generation engine** technology programmes[4]

1. All of the world's high-volume platforms based on Airbus and Boeing narrowbody/widebody fleets, plus F-35 and major rotorcraft
2. Post Spirit acquisition (yet to complete)
3. >70% sole source positions based on 2024 revenue mix
4. Next generation GTF and CFM RISE

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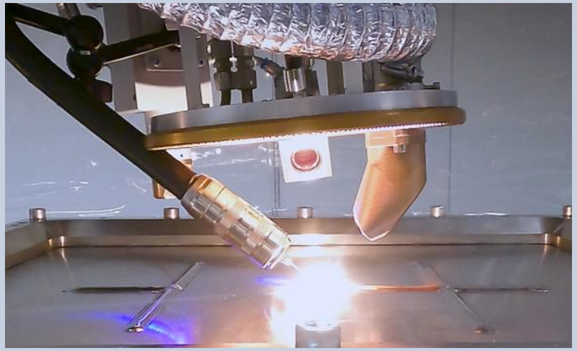
Diversified engines and structures portfolio in civil and defence with exposure to OE and AM

Melrose Growth Strategy

Deliver growth from existing platforms

- Production ramp-up
- Increasing returns from RRSPs
- Engines parts repair expansion
- Operational and commercial excellence

Expand in targeted new opportunities



- Engines additive fabrication
- Advanced air mobility
- Military uncrewed
- China growth

Participate in next generation aircraft

- Next generation engines
- Future single aisle
- 6th generation fighters
- Hydrogen flight

~90%[1] **5 year plan to 2029** ~10%[1]

2030+

1. 2029 revenue distribution

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5 Year Targets

Revenue

~£5bn

HSD[3] CAGR

- ~90% of revenue from existing positions
- OEM target build rates are met by 2029
- Flying hours growth in line with industry forecasts

Operating Profit[1]

£1.2bn+

Margin up to 24%+

- Drop-through from incremental volume
- Ongoing operational efficiency and commercial excellence
- Supportive revenue mix, with strong aftermarket

Free Cash Flow[2]

£600m

And growing beyond

- Operational cash flow from growth and margin expansion
- GTF powder metal inspection programme completes and GTF RRSPs turn cash positive
- Restructuring concludes in 2025

>20% EPS[4] CAGR

Financial targets for the year ended 31 December 2029; growth metrics are compound annual growth rates from the year ended 31 December 2024 to the year ended 31 December 2029

1. Adjusted operating profit
2. After interest and tax
3. High single digit
4. Diluted EPS; not including any additional share buybacks beyond the completion of the current programme

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Key Drivers to £600m Free Cash Flow

Cash inflow

Cash outflow

Not drawn to scale

2025 → 2029

Increasing sources of cash

Decreasing uses of cash

1	Growing operating profit	>17% CAGR for 2024 to 2029, driven by production ramp-up on existing positions, growing aftermarket, operational improvements and expansion into new areas
2	Engines RRSPs[1] (excl. two GTFs)	All 17 non-GTF RRSPs are currently cash generative, with overall cash generation expected to increase in this period as the engines mature
3	GTF RRSPs[1]	GTF programmes expected to turn cash positive in 2028
4	GTF PMI[2] issue	GTF powder metal issue headwinds expected to fall away in 2027 (~£200m cash outflow in 2024-2027)
5	Restructuring	Restructuring programme to conclude in 2025, following £126m cash outflow in 2024 and expected £40-£50m outflow in 2025

Improving trade working capital efficiency

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Further information on other cash items in 2029 is included in the Appendix

1. Please refer to RRSP booklet for additional details
2. Powder metal issue

Disciplined Capital Allocation

Invest in Business

- Investment in Engines' unique additive fabrication technology
- Growth in Structures: typically capital light and primarily customer funded
- Capital expenditure to depreciation ratio in the range of 1-1.2x

Maintain Strong Balance Sheet

- Leverage[1] of 1.5-2x
- Target investment grade metrics over time

Return Cash to Shareholders

- Committed to growing annual ordinary dividend
- Share buybacks considering free cash flow[1] delivery and leverage[1] targets

1. Described in the glossary to the Preliminary Announcement and considered by the Board to be a key measure of performance

Sustains long-term success and maximises shareholder return

5 Year Targets by Division

MELROSE

Revenue:	~£5bn *HSD[2]*
Operating Profit[1]:	£1.2bn+ *24%+ margin*

ENGINES

Revenue growth:	HSD[2]
Operating Profit[1] Margin %:	Mid to high 30s

STRUCTURES

Revenue growth:	MSD[3]
Operating Profit[1] Margin %:	Low-teens

Financial targets for the year ended 31 December 2029; growth metrics are compound annual growth rates from the year ended 31 December 2024 to the year ended 31 December 2029

1. Adjusted operating profit
2. High single digit
3. Mid single digit

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Two Uniquely Positioned Businesses

ENGINES

Portfolio breadth

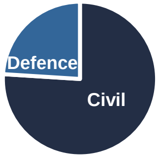
Civil RRSP partnerships

Commercial contracts

Government partnerships

Parts repair

Revenue mix



~1/4 from defence platforms[1]

Over 50% from aftermarket[1]

- *World-leader in engine structural components*
- *Unrivalled portfolio of 19 RRSPs with 40+ years aftermarket entitlement*
- *Serves all global OEMs and well positioned for next generation engines*

Investing in growth with focus on additive fabrication ("AF")

STRUCTURES

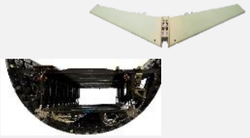
Portfolio breadth

Wing structures

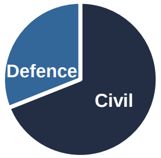
Electrical distribution

Transparencies

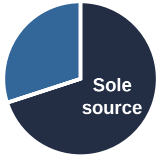
Other structures



Revenue mix



~1/3 from defence platforms[1]



Over 70% from sole source positions[1]

- *Largest independent structures player with design-led portfolio*
- *Content on all world's high volume civil and defence aircraft*
- *Global reach and local presence to serve national and regional needs*

Delivering capital light growth by leveraging proprietary capabilities

Melrose

1. Based on 2024 revenue

Engines Growth: Additive Fabrication Opportunity

Strategy

Our additive fabrication technology focuses **on engine cases & structures**, representing a sizeable market opportunity

Three key pillars:

1. **Replacing** current GKN Aerospace parts with AF alternatives
2. **Expanding** through new parts on existing engines
3. **Positioning** for next-generation platforms

Approach

Certification

Accelerating certification through our product expertise, process capabilities, and system insights

Industrialisation

Focusing on **scaling up product development** while ensuring **industrial readiness**

Expanding manufacturing capacity at current sites and establishing **new production facilities** across the **US and Europe**

Target

~£50m operating profit in 2029

20%+ IRR

Partnerships with **all engine OEMs** globally

Deployment of **modular industrialisation** system

Production **close to customer** facilities

Technology helps to address major constraint on engines production

Structures Growth: Capital Light Approach

Government Funded Expansion of F-35 Canopy Production

Growing F-35 fleet *that is using GKN's canopies (OE and aftermarket)*

State-of-the-art new production line at Garden Grove, due to be completed by Q1 2027

Over ***£100m*** *of US government funded investment to* ***double F-35*** *canopy production* ***capacity*** *to meet increasing demand*

Joint Venture with AVIC to Expand in China

JV with AVIC *to accelerate COMAC ramp-up*

COMAC forecasted annual production rates

China is one of the ***fastest growing markets*** *for civil aerospace; with emerging national player* ***COMAC***

Expansion with ***"local for local"*** *approach, largely* ***funded by*** *domestic* ***customer***

Customer-Funded Technology Development for AAM[1] Market

Leading Tier 1 *in the AAM market providing* ***whole aircraft*** *capabilities*

~£4bn

Market size in 2030

Nascent but ***fast-growing global*** *market*

supernal

Joby

ARCHER

Work packages with ***seven AAM companies****, backed by* ***customer-funded technology*** *development:* ***growing focus*** *on platforms backed by established players*

1. Advanced air mobility

Leveraging technological expertise to drive capital light growth

Melrose

Melrose Equity Case

Business Attributes

1. Well positioned in structurally growing civil and defence aerospace markets
2. Established presence on all of the world's leading aircraft and engines
3. Unique portfolio of 19 engine RRSPs giving entitlement to long-term aftermarket growth and cash
4. Proven track record of continuous business improvement
5. New growth opportunities from proprietary technology such as Engines additive fabrication
6. Key partner for next generation aircraft; only business on both next generation engine technology programmes

Shareholder Returns

5 Year Targets	Long-term
HSD revenue growth	Ongoing revenue and EPS growth with sustained increase in cash generation[1]
24%+ margin	
>20% EPS CAGR	
£600m free cash flow	

Cash returns for shareholders

Please refer to page 7 for all financial definitions for 5 year targets

1. Additional investment in next-generation programmes post-2030 to be determined

Appendices

Melrose

Reconciliation Between Statutory and Adjusted[1] Results

Continuing operations £m	Total	Cash (spent)/received in 2024
Statutory operating loss	**(4)**	
Amortisation of intangible assets acquired in business combinations	255	-
Exchange movements not hedge accounted	112	-
1 Restructuring costs	111	(126)
2 Acquisition and disposal related items	44	54
Melrose equity-settled compensation scheme charges	14	(41)
Net changes in fair value items	8	-
Adjustments to statutory operating loss	**544**	**(113)**
Adjusted[1] operating profit	**540**	

Statutory results

The IFRS measure of results includes certain items which are significant in size or volatility or by nature are non-trading or non-recurring, or any net change in fair value items booked on acquisitions

Adjusted[1] results

The Melrose Board considers the adjusted results to be an important measure to monitor how the businesses are performing because they achieve consistency and comparability when all businesses are held for the complete reporting periods

1

Restructuring costs £m	Income statement charge	Cash spent in 2024
Engines	(15)	(14)
Structures	(75)	(99)
Corporate	(21)	(13)
Total	**(111)**	**(126)**

2

Acquisition and disposal related items £m	Income statement gain/(loss)	Cash received/ (spent) in 2024
Fuel Systems	39	41
St. Louis	(65)	(20)
Crystallisation of pension withdrawal liability	(25)	-
Orangeburg	8	34
Corporate	(1)	(1)
Total	**(44)**	**54**

Melrose

1. Described in the glossary to the Preliminary Announcement and considered by the Board to be a key measure of performance

Net Debt[1]

Reconciliation of net debt[1]	2024 £m
Net debt[1] at 1 January 2024	(572)
Free cash flow[1]	(74)
Amounts paid to shareholders including associated costs	(503)
Melrose equity-settled compensation scheme related payments	(198)
Disposal of businesses, net of cash disposed	55
FX and other non-cash movements	(22)
Other	(7)
Net debt[1] at 31 December 2024	**(1,321)**
Leverage[1]	**1.9x**

Additional liabilities analysis	2024 £m
Net debt[1]	(1,321)
Add:	
- Lease liabilities	(237)
- Non-recourse factoring utilisation	(338)
- Retirement benefit obligations	(59)
Total	**(1,955)**

1. Described in the glossary to the Preliminary Announcement and considered by the Board to be a key measure of performance

Net debt[1] in line with expectations

Some Helpful Data: 2024 and 2025

Income Statement	2024	2025 Guidance
Revenue:		
Engines	£1,459 million	£1,600-1,650 million
Structures	£2,009 million	£1,950-2,050 million
Aerospace	**£3,468 million**	**£3,550-3,700 million**
Adjusted operating profit[1] (pre-PLC costs):		
Engines	£422 million	£515-545 million
Structures	£144 million	£165-175 million
Aerospace	**£566 million**	**£680-720 million**
PLC costs	£26 million[2]	£30 million[2]
Adjusted tax rate[1]	20%	21-22%
Income Statement cash interest:		
Interest cost of gross drawn debt	5.7%	c.5.4%
Commitment fee on undrawn debt	0.6%	c.0.6%
Other cash interest	£16 million	£20 million
Income Statement non-cash interest:		
Amortisation of financing fees	£4 million	£6 million
Other non-cash interest[3]	£10 million	£14 million

Cash Flow	2024	2025 Guidance
Depreciation:		
Owned assets	£117 million	£130 million
Leased assets	£25 million	£30 million
Total depreciation	**£142 million**	**£160 million**
Non-recourse factoring utilisation	£338 million	No new programmes
Capital expenditure ratio to owned asset depreciation	1.1x	1.0-1.1x
Restructuring	£126 million	£40-£50 million
Defined benefit pension contributions – ongoing	£20 million	c.£20 million
Cash tax	£10 million	c.4% of adjusted PBT[1]

Lifetime RRSP cash flows	Gross	Net
Total expected RRSP cash flows	£22 billion	£6.0 billion[4]

Committed bank facilities	Maturing	
Term loans and revolving credit facilities[5]	2028	£1,940 million
Term loans and revolving credit facilities[5,6]	2027	£293 million
Term loans and revolving credit facilities[6]	2026	£106 million
		£2,339 million

Translational FX exposure – 10% strengthening[7]	US$	€
Increase in adjusted operating profit[1]	£47 million	£1 million
Percentage impact on adjusted operating profit[1]	9%	-%

1. Described in the glossary to the Preliminary Announcement and considered by the Board to be a key measure of performance
2. 2024 includes a £1 million non-cash LTIP charge; 2025 guidance includes a £3 million non-cash LTIP charge
3. Includes pension interest, lease interest and unwind of discount on provisions
4. Using a foreign exchange rate of USD:GBP of 1.25:1 and calculated using a discount rate of 7.5% which is between a debt related discount rate and a pre-tax weighted average cost of capital
5. Maturity date is the latest possible date the loans could mature assuming the Company exercises its options to extend. GBP value converted at year-end rate of US$1.25 and €1.21
6. Term loans and revolving credit facilities became effective following 31 December 2024
7. A 10 percent strengthening of the major currencies within the Group, if this were to happen in isolation against all other currencies

Melrose

Some Helpful Data: 2029

Income Statement	2029 Targets[1]
Revenue:	
Engines	HSD[2] CAGR[3]
Structures	MSD[2] CAGR[3]
Melrose Group	**c.£5 billion**
Adjusted operating profit[4]:	
Engines adjusted operating margin[4] %	Mid to high 30s
Structures adjusted operating margin[4] %	Low-teens
Melrose Group adjusted operating profit[4]	**£1.2+ billion (24%+ margin)**
Adjusted tax rate[4]	22%

Cash Flow	2029 Targets[1]
Depreciation:	
Owned assets	c.£135 million
Leased assets	c.£35 million
Total depreciation	**c.£170 million**
Variable consideration	c.£500 million
Capital expenditure ratio to owned asset depreciation	1.0-1.2x
Restructuring	Complete
Defined benefit pension contributions – ongoing	Low single digit millions
Cash tax	c.8% of adjusted PBT[4]
Free cash flow[4]	**£600 million**

1. Financial targets for the year ended 31 December 2029 assume an FX rate of US $1.25:£1
2. HSD – high single digit, MSD – mid single digit
3. Growth metrics are compound annual growth rates from the year ended 31 December 2024 to the year ended 31 December 2029
4. Described in the glossary to the Preliminary Announcement and considered by the Board to be a key measure of performance

Melrose

Historical Variable Consideration Table

£m	2018	2019	2020	2021	2022	2023	2024
Income Statement:							
RRSP Sales	415	679	354	402	547	680	859
Balance Sheet:							
Unbilled work done – brought forward	**171**	**206**	**242**	**247**	**305**	**450**	**595**
Add: variable consideration	28	60	26	44	105	136	207
Add: impact of risk assessment				24	19	57	91
Less: amortisation	(12)	(15)	(13)	(13)	(18)	(20)	(24)
Add: settlements							35
FX adjustments	19	(9)	(8)	3	39	(28)	18
Unbilled work done – carried forward	**206**	**242**	**247**	**305**	**450**	**595**	**922**
Variable consideration as a % of RRSP sales	7%	9%	7%	11%	19%	20%	24%
Risk assessment impact as a % of RRSP sales				6%	3%	8%	11%
Amortisation as a % of start of period balance	-7%	-7%	-5%	-5%	-6%	-4%	-4%

1. As noted previously, it is expected that unbilled work done will rise until the period 2035 to 2040

Foreign Exchange Environment: Transactional Hedging Position[1]

EUR:USD (figures in USD)	2025	2026	2027	2028	2029	2030
Exposure in $m	491	362	293	289	184	17
Hedged	93%	91%	85%	71%	83%	0%
Hedged rate	1.16	1.18	1.14	1.16	1.15	n/a
Unhedged	7%	9%	15%	29%	17%	100%

GBP:USD (figures in USD)	2025	2026	2027	2028	2029	2030
Exposure in $m	271	209	199	218	241	122
Hedged	91%	82%	78%	62%	56%	51%
Hedged rate	1.35	1.35	1.31	1.26	1.26	1.30
Unhedged	9%	18%	22%	38%	44%	49%

Transaction FX exposures and approach

- Main currency pairs are EUR:USD and GBP:USD
- Additional SEK and NOK hedged vs USD[1]
- Policy to hedge our exposures to allow greater planning stability
- Assessed on a quarterly basis
- Exposure is assessed according to the level of certainty and contractual arrangements

Translational FX scenario based upon 2024 results

- 1% change in the USD rate changes revenue by £20 million and operating profit by £5 million
- 1% change in the EUR rate changes revenue by £8 million and operating profit by £nil

1. US dollars are being sold

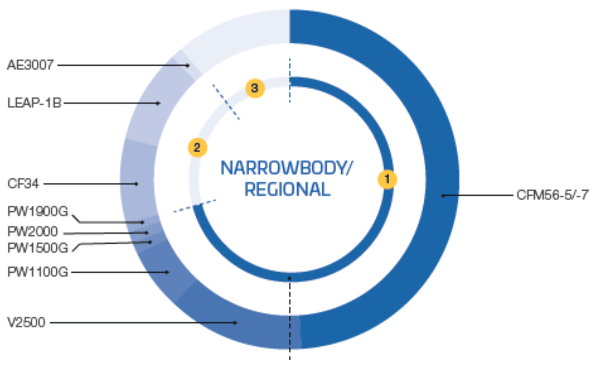
Overview of RRSP Portfolio

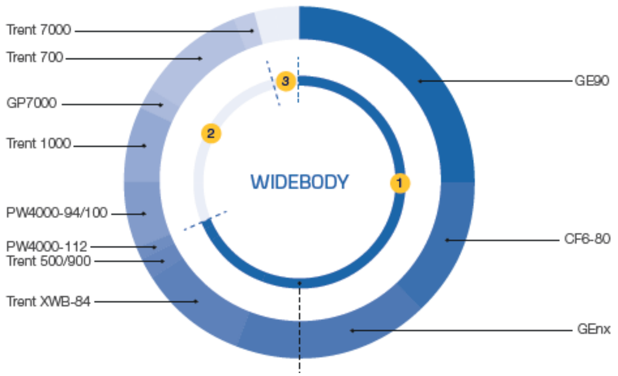
Extract from RRSP booklet[1] released in October 2024

Melrose has an enviable, well-diversified portfolio of 19 RRSPs at differing levels of maturity, covering all four major OEMs and with aftermarket exposure on both narrowbody and widebody engines

RRSP EXPOSURE BY FLIGHT HOURS[2]

1 Melrose RRSP 2 Melrose content 3 No Melrose content

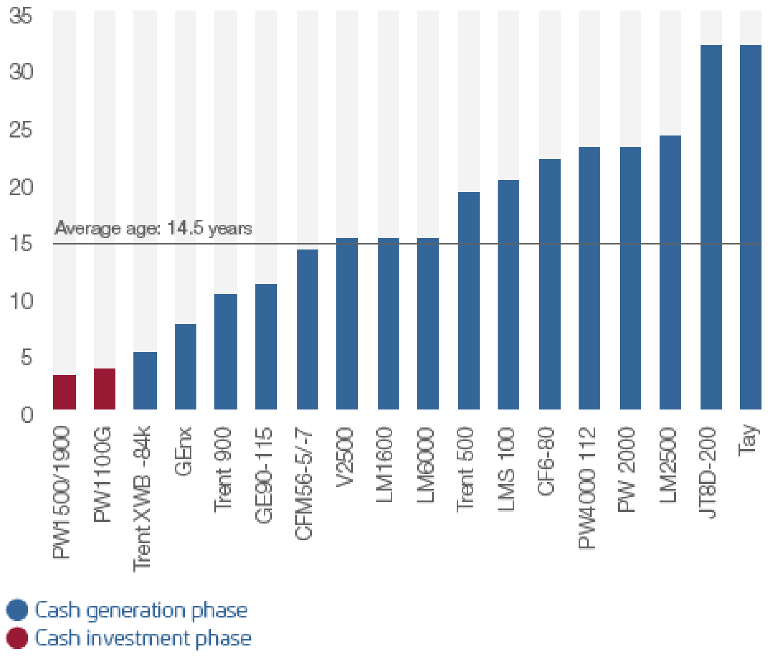




Melrose RRSP on 70% of global narrowbody / regional flight hours

Melrose RRSP on 70% of global widebody flight hours

AGE OF MELROSE'S RRSP ENGINES[3]



Two GTF engines are expected to turn cash positive in 2028

1. Please refer to RRSP booklet for additional details
2. The four industrial gas turbine RRSPs, along with the PW6000, JT8D-200, and RB183-Tay RRSPs, are excluded. Source: AWIN; based on global flying hours as of the end of August 2024.
3. Age based on entry into service (EIS). LM1600 and LM6000 estimated based on EIS; PW6000 is retired and therefore excluded.