

Melrose Industries PLC

BofA Global Industrials Conference 2025

20 March 2025



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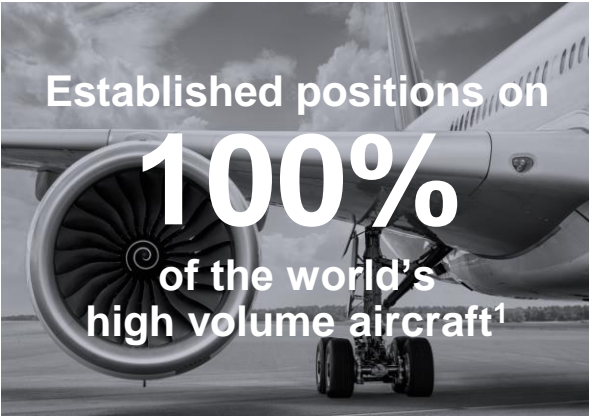
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The revenue and profit numbers included in this presentation are shown in round millions and unless otherwise stated growth metrics are at constant currency. Unless otherwise stated, all references to operating profit and operating margin represent adjusted operating profit and adjusted operating margin as described in the glossary to the 2024 Preliminary Announcement


Our Foundation for Growth



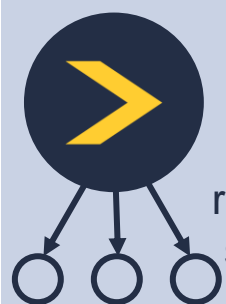
Established positions on **100%** of the world's high volume aircraft¹



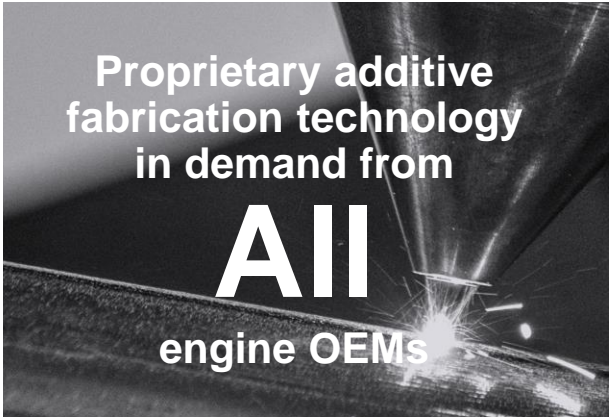
#1
Independent aerostructures business with global reach and local presence²



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



>70% revenue from sole source positions³



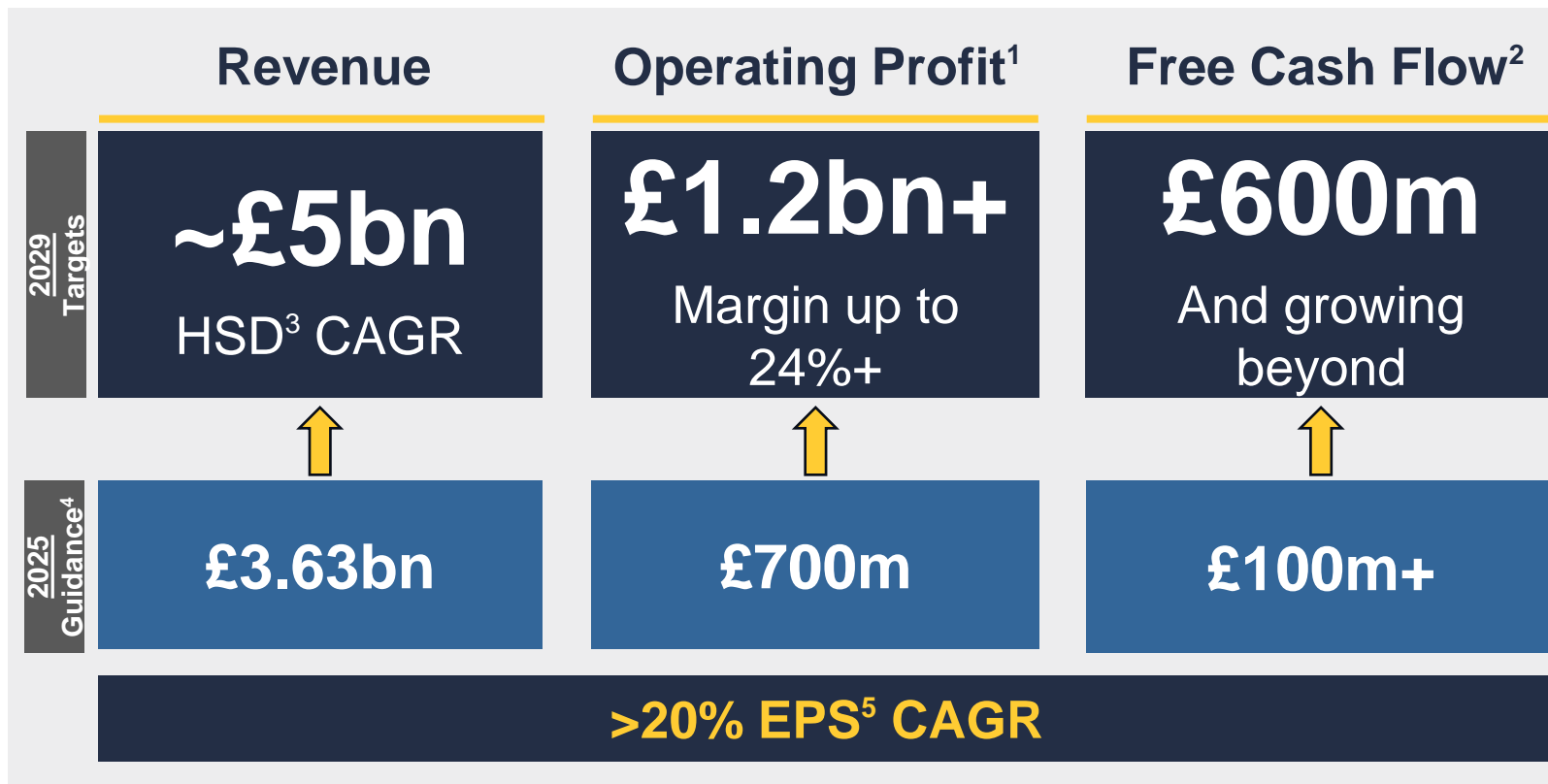
Proprietary additive fabrication technology in demand from **All** engine OEMs



Partner on both next generation engine technology programmes⁴

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

Clear Path to 5 Year Targets

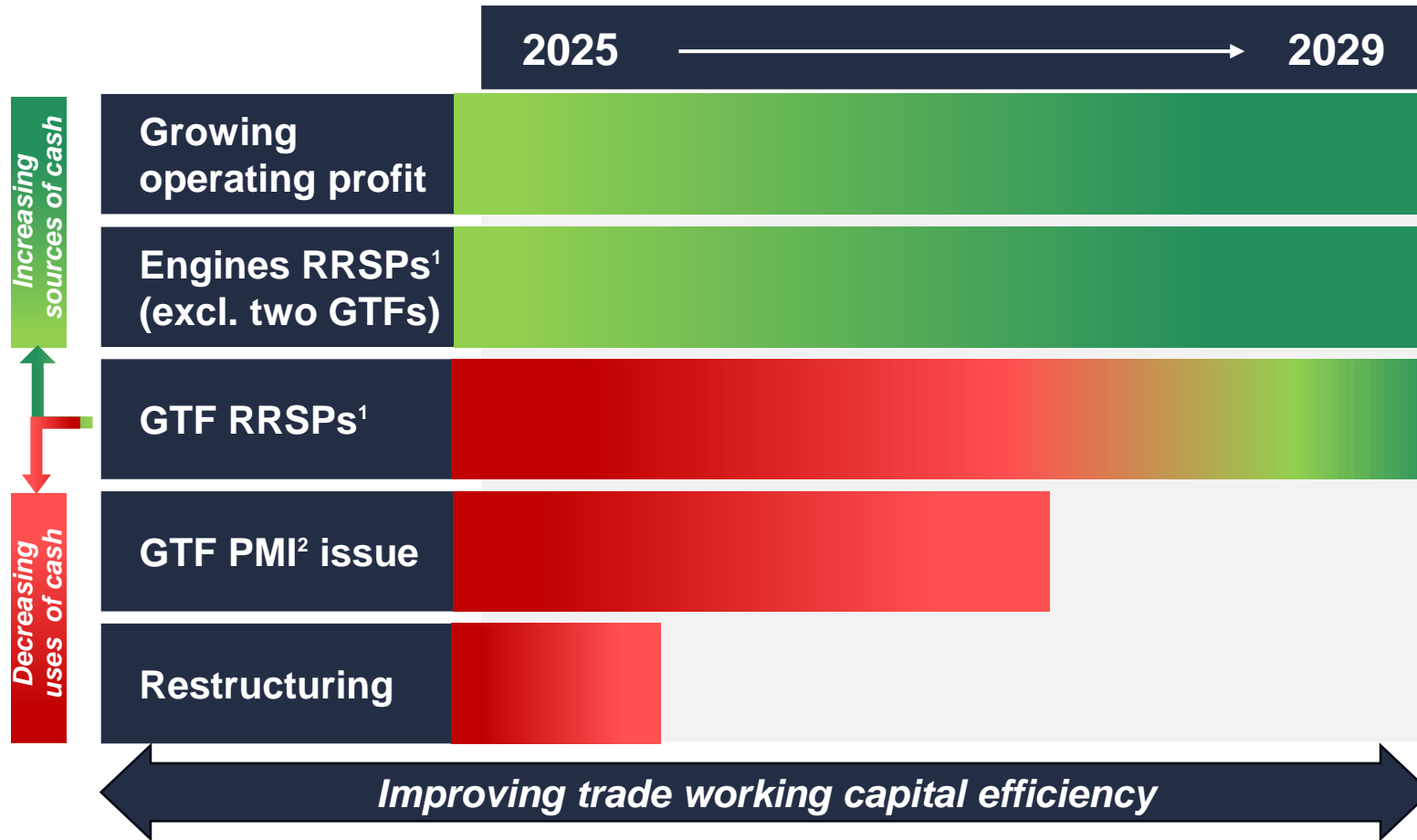


Key P&L Drivers

- 1 Revenue**
 - OEM ramp-up
 - Aftermarket growth
- 2 Operating Profit**
 - Volume, mix and business improvements
>20% CAGR⁶
 - Variable consideration
~10% CAGR⁶

1. Adjusted operating profit; 2025 guidance is pre-PLC costs, 2029 target is post PLC costs
 2. After interest and tax
 3. High single digit, 2024-2029 CAGR
 4. Calculated using the mid-point of the range
 5. Diluted EPS; not including any additional share buybacks beyond the completion of the current programme; 2024-2029 CAGR
 6. 2025-2029 CAGR

FCF Bridge to £600m



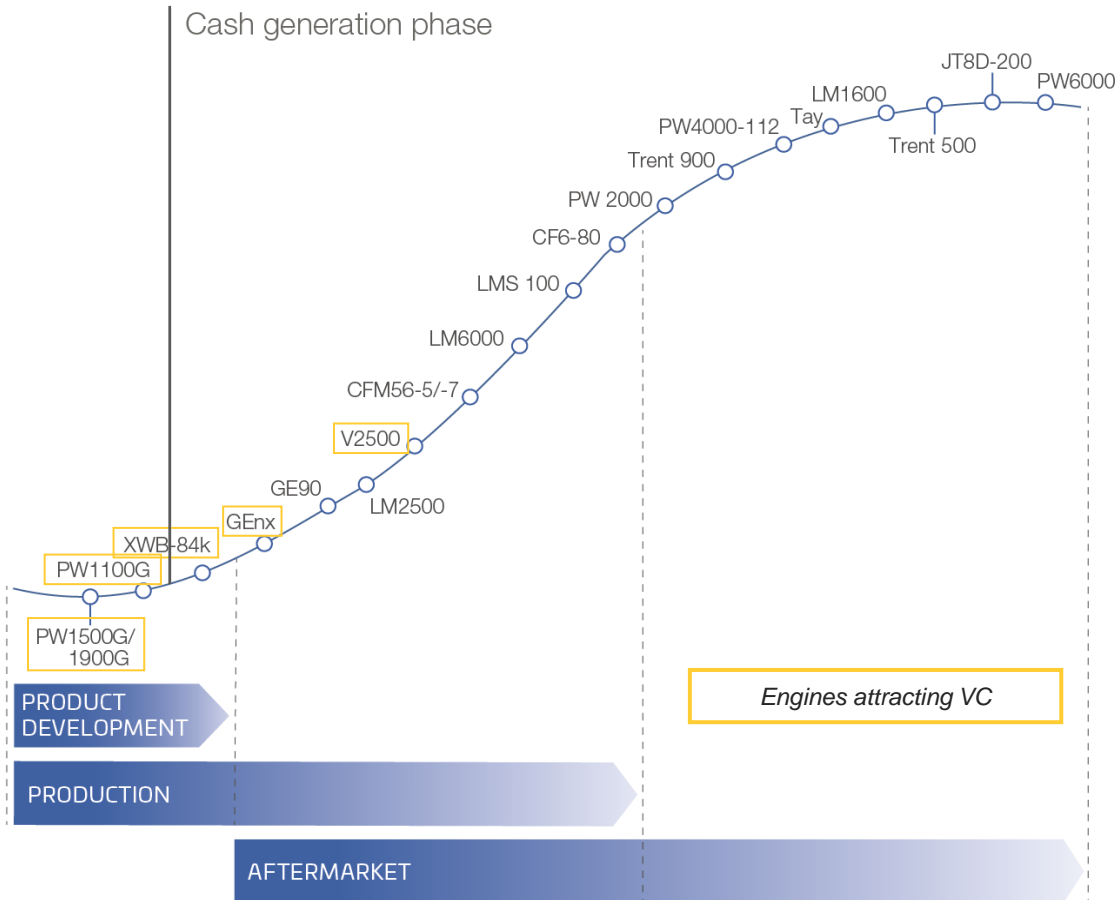
Key Cash Drivers

- 1 **OEM build rates**
 - Civil ramp-up
 - Defence production
- 2 **Civil engine shop visits**
- 3 **GTF performance**

1. Please refer to [RRSP booklet](#) for additional details
 2. Powder metal issue

Our Unique RRSP Portfolio

RRSP Cash Profile⁽¹⁾



Variable Consideration (VC)

- 1 IFRS 15 requires us to recognise variable consideration as:
 - We have an irrevocable right to our share of the aftermarket income and cash
 - Our parts last the life of the engine, so our work is substantially done at the manufacturing stage
- 2 VC is a 'precursor' to years of future cash inflow; there is no detrimental impact to in-year cash
- 3 Increase in VC reflects:
 - Growth in engine shipments
 - Increased AM profitability and engine life expectancy
 - Programmes maturing and risks reducing
- 4 From 2025 to 2029:
 - VC CAGR is 10%
 - Operating profit (ex VC) CAGR is >20%
 - VC falls as a % of Group and Engines profits

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 4 for all financial definitions for 5 year targets
 1. Additional investment in next-generation programmes post-2030 to be determined