



AGM Trading Update

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Melrose Industries PLC
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MELROSE INDUSTRIES PLC - AGM TRADING UPDATE

Ahead of its AGM this morning, Melrose Industries PLC ("Melrose"), a leading global aerospace technology business, announces the following trading update for the first quarter ended 31 March 2025 ("the Period"). All growth rates are stated at constant currency and on a like-for-like basis.

Peter Dilnot, Chief Executive Officer of Melrose said:

"We have made a good start to the year with revenue, profit and cash in the first quarter in line with our expectations.

The recent introduction of tariffs has created additional complexity across the aerospace industry. We have acted swiftly to evaluate potential effects on the Group and have a path to successfully mitigate our identified direct exposure at current tariff levels. The situation remains fluid, and we will continue to work closely with our customers and suppliers to respond as needed.

Melrose has established positions on all the world's leading aircraft and underlying demand remains very strong in both our Civil and Defence markets. Our business improvements are reading through with more benefits to come going forwards. We are therefore confident about delivering profitable growth and significantly increasing free cash flow in 2025 and in the years ahead."

First quarter trading

Melrose has made a positive start to the year, with Group revenue up 6% on the comparative period, with strong progress in Engines, up 9%, and Structures up 4%. As a result of our restructuring and business improvement actions, adjusted operating profit was well ahead of the same period last year. Net debt and free cash flow at period end were in line with our expectations.

Engines

The performance in Engines was largely driven by strong OE volumes and favourable mix. While we saw good growth in the aftermarket in both RRSPs and our repairs business, this was partially offset by military, which had a particularly strong year in 2024. The drop through impact of higher revenue and increased productivity resulted in an improvement in operating margins with adjusted operating profit well ahead of the comparative period.

Structures

Revenue growth in Structures in the first quarter was in line with our expectations. While the easing of our own supply chain in certain areas has enabled us to deliver the backlog for individual platforms, overall volumes continue to be constrained by broader, sector-wide supply chain issues. Adjusted operating profit for the division was ahead of the comparative period, reflecting the positive impact on operating margins from business exits and business improvement actions which will complete this year.

Tariffs

Our evaluation of the recent imposition of tariffs has primarily focused on the direct impact on the Group, specifically the movement of products to customers in the US and the supply of products into our manufacturing sites.

For those parts of the Group not able to make use of available exemptions and those without contractual protections, we are taking a number of measures to mitigate the impact. These include using mechanisms such as drawback, adjusting the supply chain and negotiating with customers and suppliers.

As a result of the work we have done to date, we have a path to successfully mitigate our identified direct exposure at current tariff levels.

We will continue to monitor the tariff situation closely, remaining alive to any further changes and ready to respond accordingly.

Outlook for full year 2025

Our guidance for the full year, which excluded the impact from tariffs or trade restrictions, remains unchanged:

- Revenue range of £3.55 billion to £3.70 billion
- Adjusted operating profit (pre-PLC costs of £30 million) of £700 million
- Free cash flow generation of >£100 million (after interest and tax)
- In line with historical and industry seasonality, profit and cash will be second half weighted, with negative FCF in the first half
- Guidance based on US\$ = 1.25 average exchange rate^[1]

With attractive fundamentals underpinning our end markets, our leading technologies and established positions on all the world's aircraft, combined with successful execution, we remain well placed to deliver growth and increased free cash flow in 2025 and the years ahead.

Melrose Industries will publish interim results for the first half ending 30 June 2025 on Thursday 31 July 2025.

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^[1] When applied to 2024 results, a 10% change in the USD or Euro in isolation would result in adjusted operating profit moving by £47 million and £1 million respectively; and gross debt by £113 million and £25 million respectively.

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