Melrose Industries PLC

Full Year Results
Year ended 31 December 2025

27 February 2026

Melrose

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Executing our Plan

Strong 2025 performance

- Operating profit up significantly, driven by Engines and Defence
- Cash target delivered with positive FCF of £125 million
- Good commercial and operational progress in complex environment
- Multi-year transformation programme completed

Positive growth momentum

- Record demand in civil and defence markets
- Established positions on world's leading aircraft and engines
- Well-positioned to deliver the OE ramp-up and aftermarket returns
- Differentiated technology in demand from engine and airframe OEMs

Clear path to delivering ongoing shareholder returns and 2029 targets

Strong 2025 Performance

Financial

8%[1]
increase in revenue to £3.6bn

23%
increase in operating profit to £647m

£125 million
Free cash flow

Commercial

Multi-year contracts for fan blade repairs with Pratt & Whitney and Rolls-Royce

Successful repricing of defence portfolio

Agreement with FMV in Sweden to develop clean sheet uncrewed air vehicle

Operational

32%
Reduction in total incident rate[2]

19%
Improvement in quality

300bps
Increase in productivity

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1. Excluding exited businesses
2. Total incident rate refers to safety incidents

Positive Growth Momentum

Unique Tier 1 portfolio embedded on all the world's leading aircraft

- Record civil order backlogs
- Unprecedented defence scale-up
- Structural aftermarket demand
- Proprietary differentiated technology

2023 — **2025** — **2029**

Multi-year transformation completed	Strong foundations for continued delivery
• Global footprint rationalisation from 52[1] sites to 32	• Operating leverage from OE and aftermarket ramp-up
• Exited non-core businesses	• Productivity improvements from site consolidation
• Defence portfolio sustainably priced	• Margin gains from operational and commercial actions
• Investment in capacity expansion and target technology	• Unlocking working capital and optimising inventory

	2023	2025	2029
Operating margin	**~12%**	**18%**	**24%+**
Free cash flow	**£(12)m**	**£125m**	**£600m**

1. As of 2018

2025 Results and 2026 Guidance

Results Overview

£m	Adjusted[1] results 2025	Growth vs 2024
Revenue	3,589	8%[2]
Group operating profit	647	23%
Group operating margin %	18.0%	240bps
Diluted earnings per share	32.1p	25%
Free cash flow (after interest and tax)	125	+199

Strong 2025 performance, in line with our expectations

Revenue growth of 8%[2], with strong growth in Engines

23% increase in operating profit to £647 million

Margins up 240bps to 18.0%, with margin progression in both divisions

Diluted EPS growth of 25% driven by improvement in operating profit

Free cash flow[1] of £125 million, a significant improvement of £199 million versus 2024

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 2025 performance including free cash flow of £125 million

Divisional Overview

Adjusted[1] results 2025 £m	Revenue	Operating profit	Operating margin	*Growth vs 2024* Revenue	Operating profit	Operating margin
Engines	1,632	520	31.9%	*15%*	*27%*	*300bps*
Airframes	1,957	156	8.0%	*3%[2]*	*10%*	*80bps*
Corporate	-	(29)	n/a	*n/a*	*(12%)*	*n/a*
Group	**3,589**	**647**	**18.0%**	***8%[2]***	***23%***	***240bps***

Group

Sales growth of 8%[2], with continued growth across both divisions

23% increase in operating profit, with margins expanding by 240bps

Engines

Sales growth of 15%, primarily driven by the RRSP portfolio

Operating profit up 27%, with margins increasing 300bps to 31.9%

Airframes

Sales growth of 3%[2], driven by Defence programme ramp and portfolio re-pricing actions

Operating profit up 10%, with margins increasing 80bps to 8.0%

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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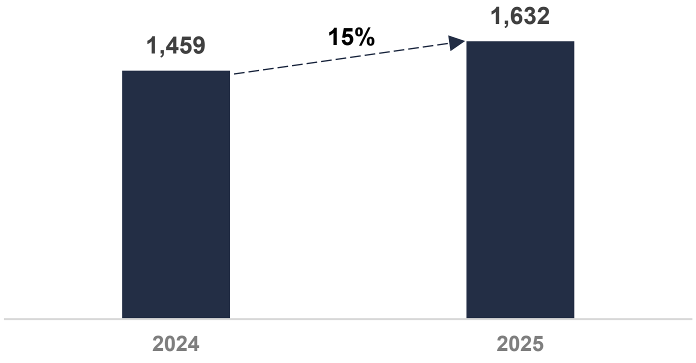
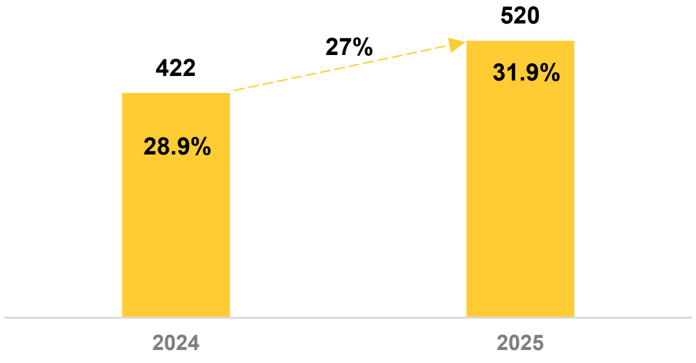
Engines strong; Airframes ramp up still to come

Engines: Results

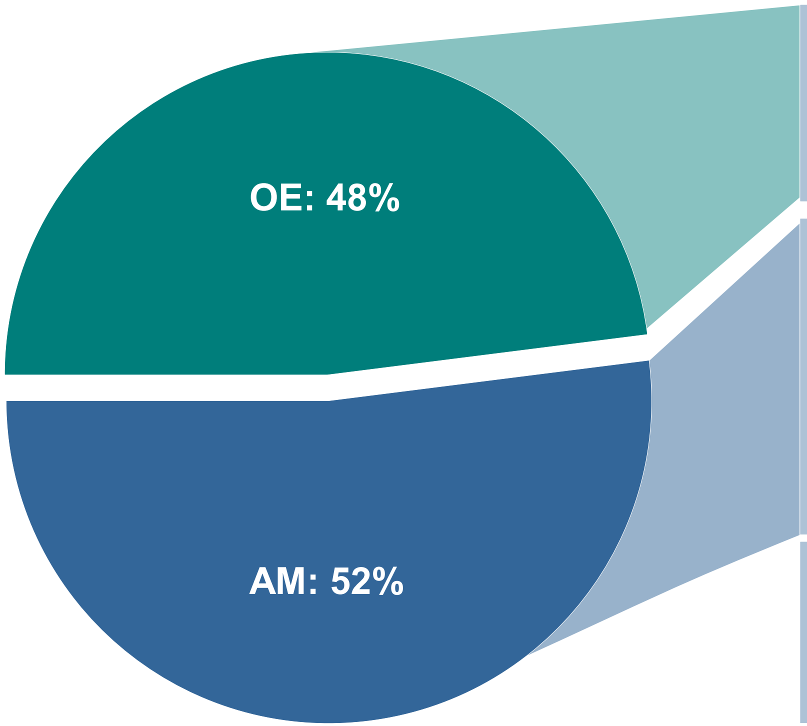
REVENUE (£m)



ADJUSTED OPERATING PROFIT[1] (£m)



2025 REVENUE SPLIT



Revenue growth of 15% driven by both OE and aftermarket (‘AM’)

OE revenue growth of 16%

Growth driven by GEnx and GTF volumes, as well as other commercial contracts, including military ducts

Strong OE growth in second half

AM revenue growth of 14% driven by RRSP growth of 20%, partially offset by decline in military aftermarket against a strong comparator

RRSP revenue includes total variable consideration of £324 million

Repair business recovered strongly in H2 to deliver 12% growth for the full year

New contract wins in fan blade repairs with contracts on three Rolls-Royce engines, Boeing C-17 and P&W

Agreements also signed with Sweden’s FMV

27% increase in operating profit

300bps improvement in margin to 31.9%

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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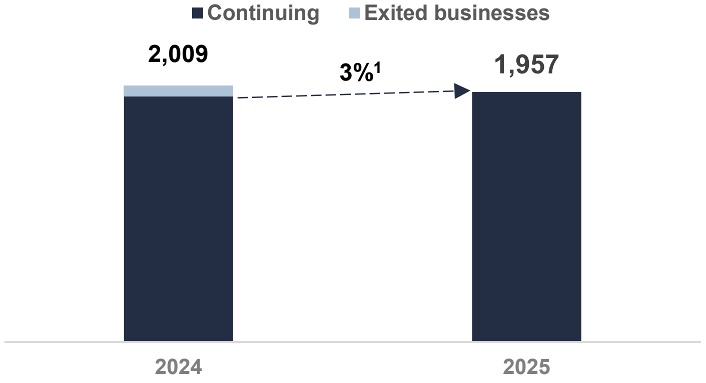
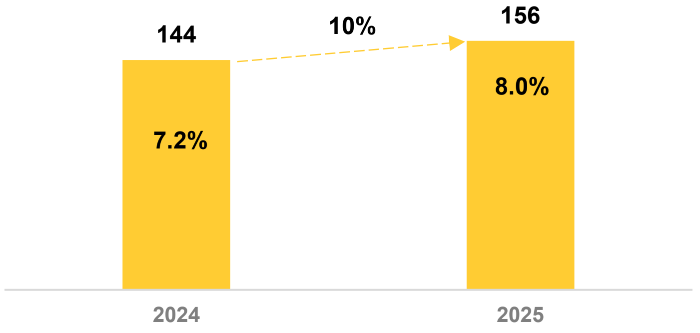
Continued strong performance with increasing OE contribution

Airframes: Results

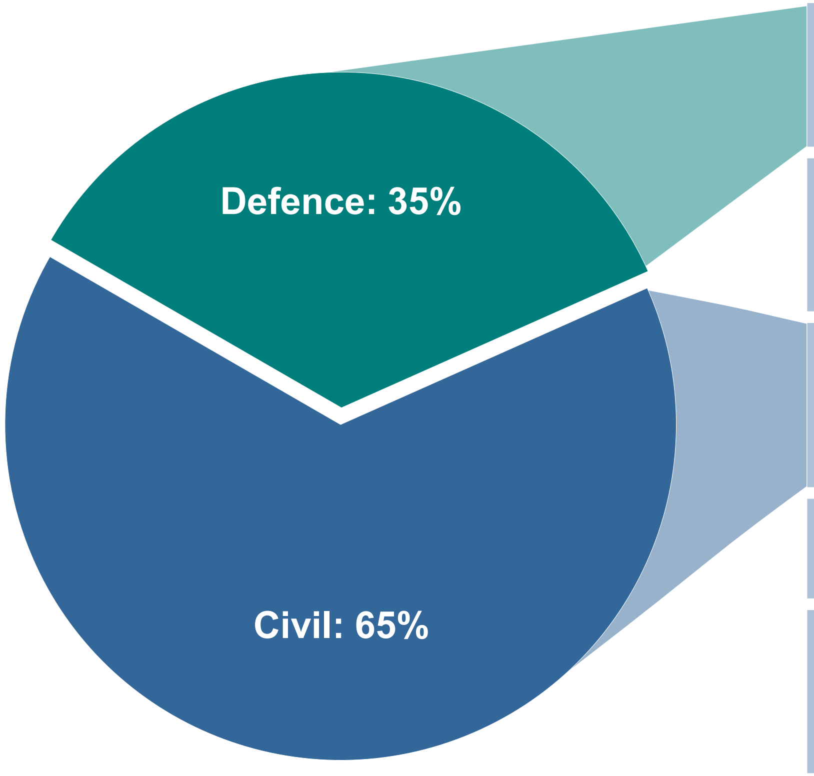
REVENUE (£m)



ADJUSTED OPERATING PROFIT[2] (£m)



2025 REVENUE SPLIT



Revenue growth of 3%[1]

Defence up 15%[1] from increased build rates and improved commercial terms

>90% of portfolio now sustainably priced

New contract wins with C-130J and Typhoon transparencies, as well as collaboration agreement on next-gen uncrewed aerial vehicle solutions

Civil revenue marginally lower[1] as expected, with modest growth in key narrowbody and widebody platforms, offset by business jets and other platforms

Commercial agreement signed to expand engagement on the 'Midnight' eVTOL platform

Margin improvement driven by pricing and business improvement actions, but progression constrained by lower Civil volumes and lower productivity at a manufacturing site in the Netherlands

Operating profit increased 10% to £156 million, with margins up 80bps to 8.0%

1. Excluding exited businesses, which contributed £97 million to Airframes revenue during the year ended 31 December 2024
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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Restructuring and business improvements complete: ramp up to come

Results Overview: 2025 Statutory Results

£m	2024 Adjusted[1] results	2024 Statutory results	2025 Adjusted[1] results	2025 Statutory results
Group operating profit/(loss)	540	(4)	647	600
Net finance costs	(102)	(102)	(132)	(132)
Net tax (charge)/credit	(88)	57	(105)	(98)
Profit/(loss) after tax	350	(49)	410	370
Diluted earnings per share	26.4p	(3.7)p	32.1p	29.0p
Total dividend per share	6.0p	6.0p	7.2p	7.2p

Adjusting operating items were principally amortisation of intangibles acquired in business combinations, restructuring costs and exchange movements not hedge accounted[2]

Statutory operating profit benefitted by £232 million net foreign exchange gains not hedge accounted

Net finance costs of £132 million, mainly comprising interest on bank loans – interest cost on gross drawn debt was 5.3%

Adjusted tax rate[1] of 20.4%

EPS growth of 25% to 32.1p per share

Final dividend of 4.8p per share proposed. Full year dividend of 7.2p 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
2. See Appendix for more details

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Free Cash Flow: Target Delivered

£m	2024	2025	Change
Adjusted operating profit[1]	**540**	**647**	
Depreciation and amortisation	142	138	
Lease obligation payments	(32)	(31)	
Non-cash impact from loss-making contracts	(23)	(11)	
Variable consideration	(274)	(324)	
Movement in trade and other working capital	(20)	33	
Operating cash flow before capex and PMI payments	**333**	**452**	**+119**
Capital expenditure[1]	(123)	(94)	
Defined benefit pension contributions	(20)	(22)	
Restructuring	(126)	(31)	+95
GTF PMI payments	(35)	(68)	(33)
Net other	(6)	15	
Free cash flow pre-interest and tax[1]	**23**	**252**	**+229**
Net interest and net tax paid	(97)	(127)	(30)
Free cash flow[1] (after interest and tax)	**(74)**	**125**	**+199**
Net debt[1]	**1,321**	**1,407**	
Leverage[1]	**1.9x**	**1.8x**	

Strong trade working capital performance in H2 in line with seasonality of the Group augmented by certain customer settlements

Capex: £94 million, representing 0.9x depreciation & amortisation of owned assets, reflecting investment in growth initiatives

Spend has reduced due to completion of restructuring-related capex

Restructuring spend of £31 million, significant reduction as expected

Pratt & Whitney GTF PMI payments of £68 million, in line with our guidance

£173 million spent on share buyback programme in 2025 with c.£60 million to be spent in Q1 2026

Net debt[1] of £1,407 million

Leverage[1] of 1.8x, 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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Positive free cash flow delivered; to grow to 2029

2026 P&L Guidance

£m	2025 Results	2025 Results @ $1.37	2026 Guidance @ $1.37
Revenue:			
Engines	1,632	1,571	1,700-1,800
Airframes	1,957	1,938	2,050-2,150
Group	**3,589**	**3,509**	**3,750-3,950**
Adjusted operating profit[1]:			
Engines	520	501	565-595
Airframes	156	155	170-190
Corporate	(29)	(29)	~(35)
Group	**647**	**627**	**700-750**
Margin by division:			
Engines	31.9%	31.9%	c.33%
Airframes	8.0%	8.0%	c.9%
Group	**18.0%**	**18.0%**	**c.19%**
Free cash flow[1]	**125**	**118**	**150-200**

Group: Revenue of £3,750-£3,950 million, LFL[2] growth of c.10% at mid-point

Operating profit of £700-£750 million, LFL growth of c.16% at mid-point

Margins of c.19% at mid-point

Engines: Double-digit revenue growth driven by OE volume ramp-up and continued aftermarket strength

Operating profit of £565-£595 million, including variable consideration of £340-£380 million

Margins of c.33% at mid-point

Airframes: High single-digit revenue growth driven by Civil ramp-up and continued growth in Defence

Operating profit of £170-£190 million

Margins to reach 9% at mid-point

Corporate costs: c.£35 million including a £3 million non-cash LTIP charge

Interest cost on gross drawn debt c.5.3%. Adjusted tax rate of 21%-22%

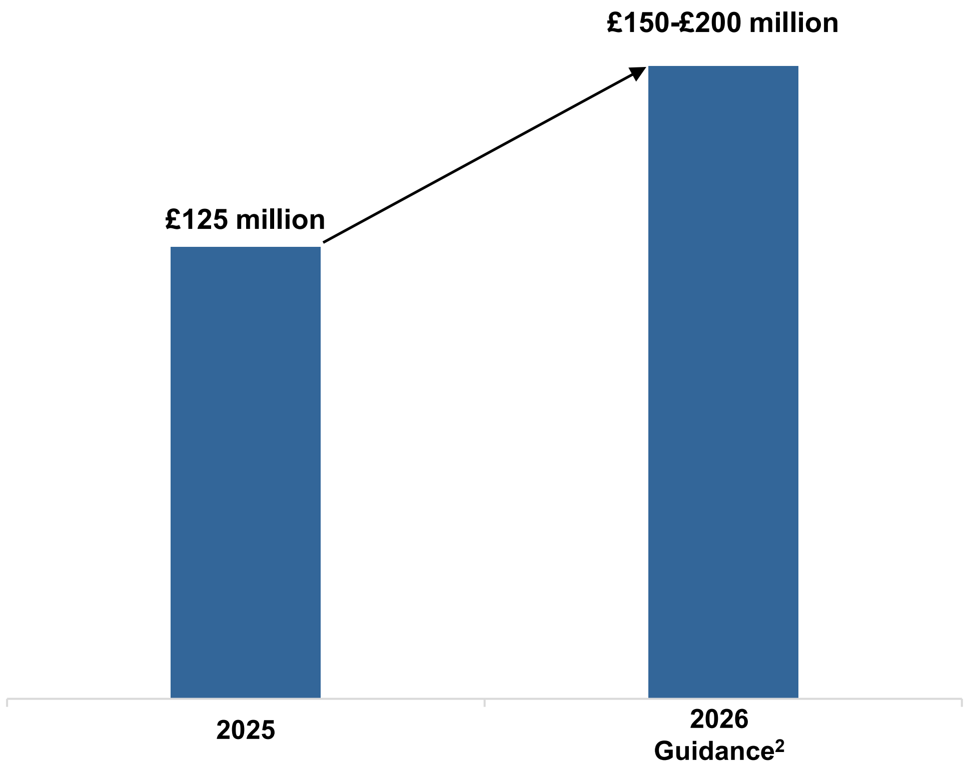
Impact of tariffs not material as currently implemented. Any further direct or indirect impact excluded from current guidance

1. Described in the glossary to the Preliminary Announcement and considered by the Board to be a key measure of performance
2. LFL – like-for-like growth at constant currency

Continued growth in sales, operating profit and free cash flow

2026 Guidance: Free Cash Flow[1]

Free cash flow[1] (after interest and tax)



- Trade working capital % of sales – minimal growth expected to be more than offset by customer settlements
- GTF PMI payments of c.£50 million
- Capex – £120-140 million representing 1.2x owned asset depreciation and amortisation
- Cash interest – c.£130 million

  Cash tax – c.4% of adjusted[1] PBT
- Restructuring – programmes complete, no material cash outflows in 2026
- Leverage[1] to remain <2.0x
- Free cash flow[1] will continue to be second half weighted

1. Prior to share buybacks and as described in the glossary to the Preliminary Announcement; considered by the Board to be a key measure of performance
2. Assuming USD:GBP of 1.37:1

Continued growth driven by increasing profit with restructuring complete; continued capex investment

Disciplined Capital Allocation

Invest in Business

- Investment in Engines' unique additive fabrication technology
- Growth in Airframes: highly selective approach; customer funded wherever possible
- Capital expenditure to depreciation ratio in the range of 1-1.2x

Maintain Strong Balance Sheet

- Leverage[1] of 1.5-2.0x
- Target investment grade metrics over time

Return Cash to Shareholders

- Committed to growing annual ordinary dividend
- New share buyback programme of £175 million over next 12 months announced

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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Sustains long-term success and maximises shareholder return

2025 Results and 2026 Guidance

Growth Outlook

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Unique Tier 1 Portfolio

	Civil	Defence
Engines £1.6bn revenue	78% ▪ Unmatched portfolio of 19 RRSPs with all OEMs ▪ Aftermarket entitlement on ~70% global flying hours ▪ Global network of part repair facilities	22% ▪ Partner to all global defence engine OEMs ▪ Long-term supplier on P&W F135 engine ▪ RM12 and RM16 system level responsibility for Gripen fighter jet
Airframes £2.0bn revenue	65% ▪ Design-led positions on all major civil aircraft ▪ Global reach with Airbus, Boeing and COMAC ▪ Embedded technology in leading business jets	35% ▪ LTAs on major rotary and fixed wing platforms ▪ Significant presence on high value F-35 ▪ Key European platforms such as Typhoon, NH90 and new UAV programmes

Original Equipment & Aftermarket

Embedded positions on all the world's leading aircraft and engines

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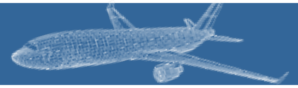
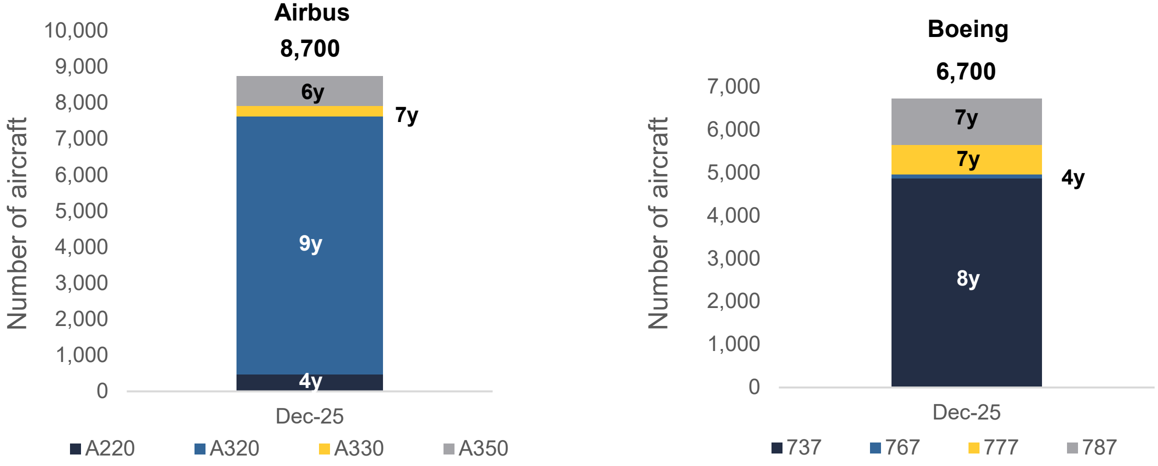
Structural Demand Growth

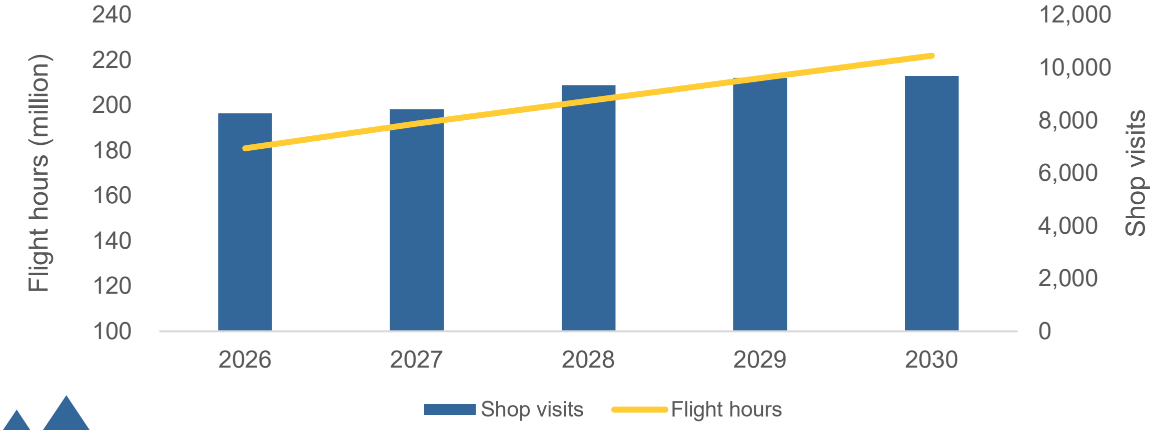


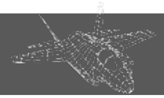
Civil

Backlogs extend into next decade



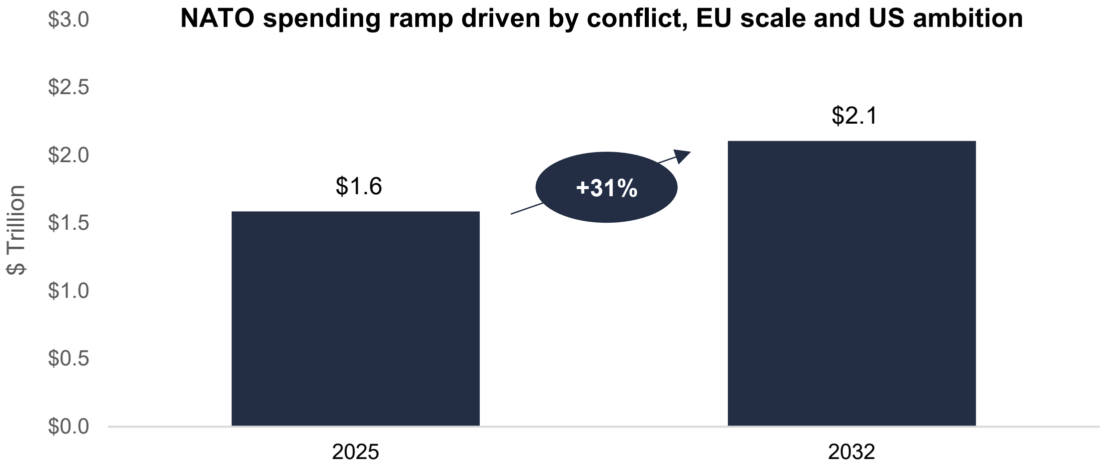
Older engines flying longer, increase in shop visit profitability



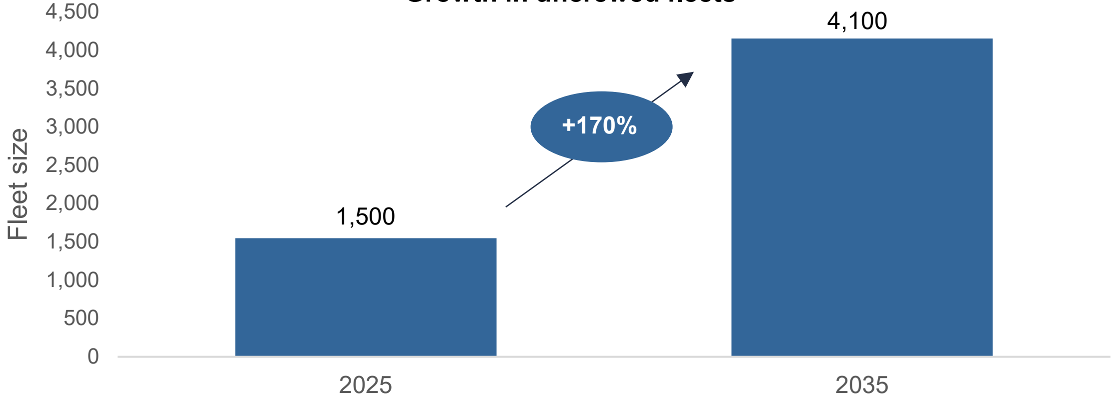


Defence

NATO spending ramp driven by conflict, EU scale and US ambition



Growth in uncrewed fleets[1]



1. Non-attritable uncrewed vehicles

Sources: Teal; Aviation Week Intelligence Network (AWIN); NATO; AWIN 2026 Military Fleet & MRO Forecast

Exceptional Engines Business Serving All OEMs

Civil RRSP partnerships

60%

- OEM level capability
- Leading global provider of structural load-bearing components
- RRSPs cover 70% of all global flights

Provides entitlement to AM revenue and profit

Original equipment + Aftermarket

Governmental partnerships

10%

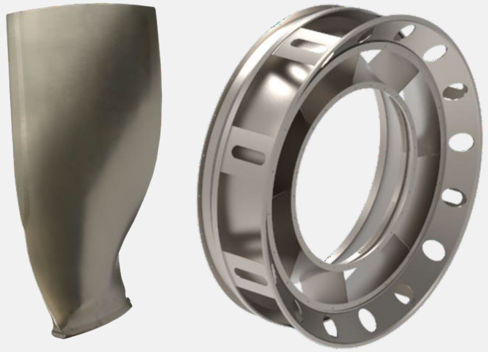
- 90-year strategic relationship with Swedish Air Force
- OEM-level responsibility
- Global provider of Gripen aftermarket

Unique, system-level capability

Original equipment + Aftermarket

Repairs

10%



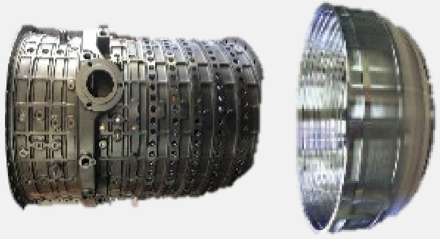
- Global repair capacity and certification built over 80+ years
- Over 500 customers
- Strong and growing market share

Significant growth opportunity

Aftermarket

Commercial contracts

20%



- Unique capabilities with key structural and rotating components
- LTAs on all major engines
- Strong defence portfolio

Provides exposure to full OE ramp-up

Original equipment + Aftermarket

Breakthrough additive fabrication technology in demand from OEMs

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Design-led Airframes Business with Global Reach

35%

Composite structures

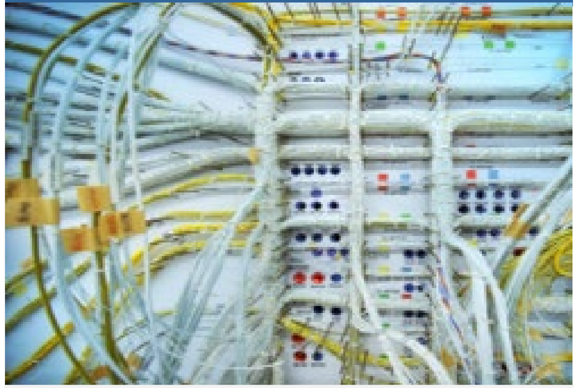
- Leader in advanced composite design
- Broad production capabilities: auto fibre placement and filament winding
- Developing next gen wing structures

Partner on most advanced composite aircraft

Original equipment

15%

EWIS



- Top 3 global player in EWIS
- Proprietary wiring design and manufacturing system
- Expansion with high voltage systems

Global capability for ramp and future electrification

Original equipment

10%

Transparencies

- World leader in transparency systems
- Proprietary acrylic manufacturing and advanced coatings
- High-strength, light weight glass

Exposure to OE ramp and operational aftermarket

Original equipment + Aftermarket

40%

Metallic structures

- Decades long experience in design and manufacture of metallics
- Increasing automation and robotics
- Positioned with ramp-up readiness

Established positions on high-volume aircraft

Original equipment

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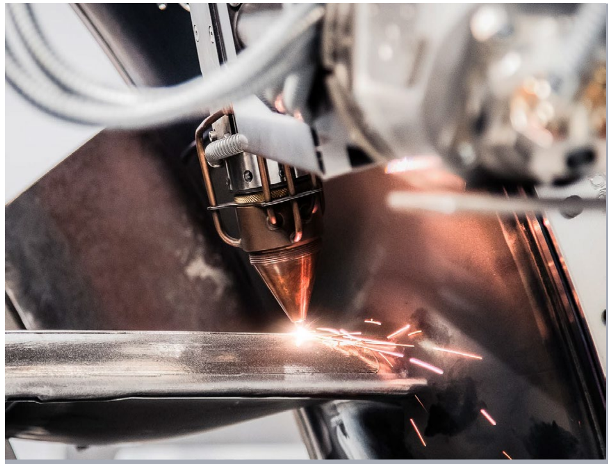
Broad portfolio of capabilities positioned to deliver production ramp-up

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
- 6^{th} generation fighters
- Hydrogen flight

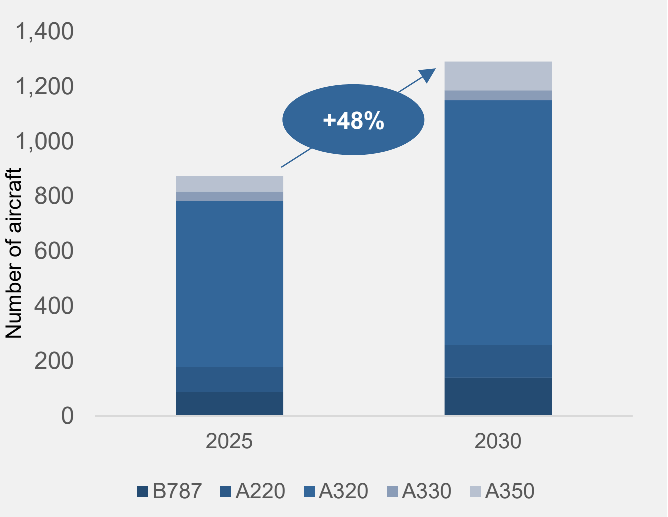
~90%[1] **5-year plan to 2029** ~10%[1]

2030+

1. 2029 revenue distribution

Production Ramp-Up

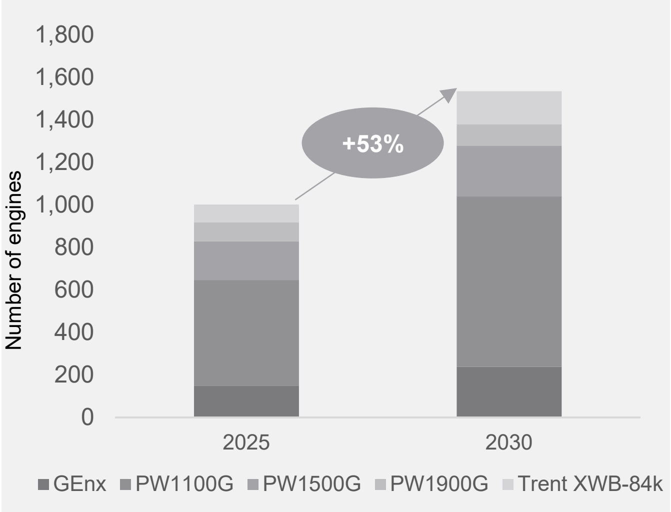
Civil Aircraft Deliveries[1]



GKN Aerospace content

- **£0.5m A320**
- **£0.6m B787**
- **£0.9m A220**
- **£2.2m A350**

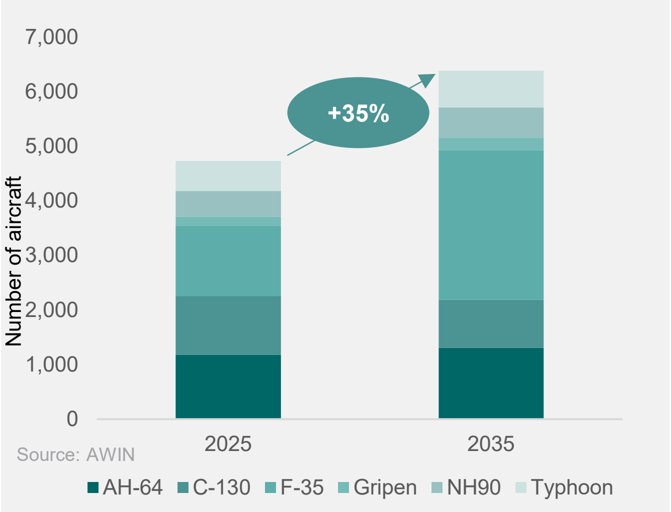
Civil Engine Deliveries[1]



GKN Aerospace share

- **GEnx 4% to 7%**
- **XWB 2% to 5%**
- **PW1100 c.4%**
- **PW1500/1900 4% to 7%**

Defence In Service



GKN Aerospace positions

- **F-35**
- **Typhoon**
- **NH90**
- **Gripen**

- **Transformation programme has created 'Centres of Excellence'**
- **Ongoing investment in capacity, automation and robotics**
- **Industrial plan to scale-up for Defence**

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1. Cirium data (2025) and Aerodynamic data (2030) relating to key Melrose platforms

Increasing Engines Aftermarket Returns

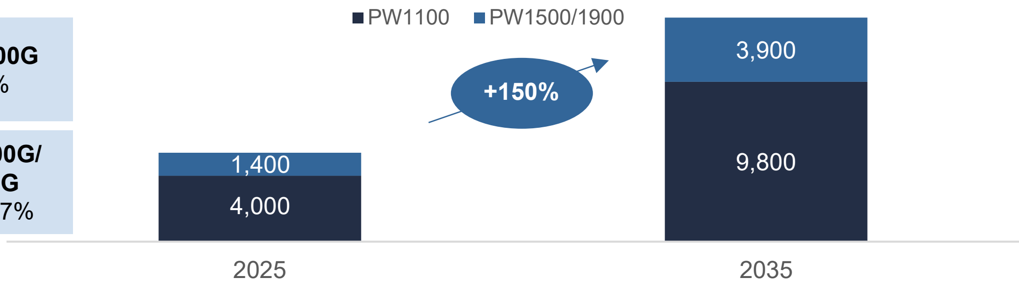
Greater RRSP shares on latest narrow and widebody

Engines in service

Current NB (GTF)

PW1100G
c.4%

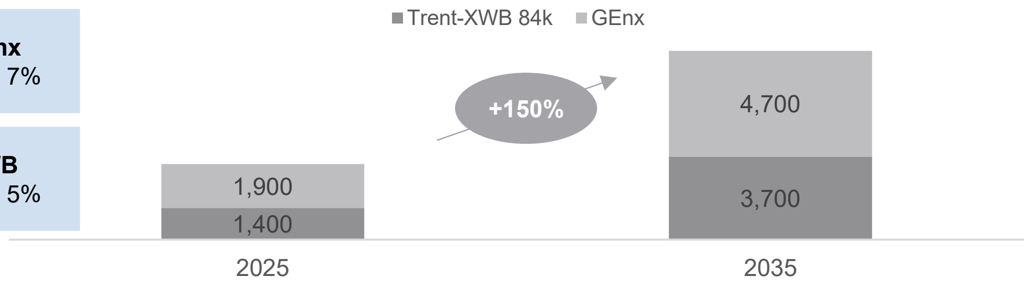
PW1500G/ 1900G
4% to 7%



Current WB

GEnx
4% to 7%

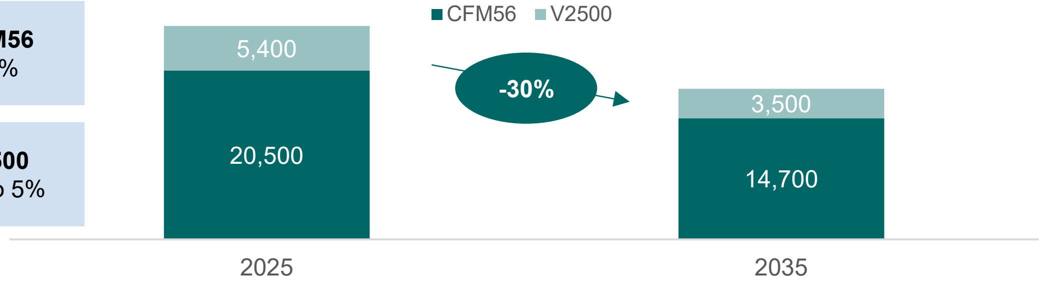
XWB
2% to 5%



Legacy NB

CFM56
<2%

V2500
2% to 5%



Source: AWIN

Global engine repair capability

- Pedigree of repairing GKN manufactured components
- Major expansion over last 5 years in breadth of repairs to meet market demand including: blades, blisks and disks
- Two new, flagship state-of-the-art facilities in US and Malaysia
  - San Diego fully opened in 2025, now scaling up
  - Johor operational for two years with spare capacity
- Latest automation and robotics reducing turnaround times for our global customers
- Close co-operation with all engine OEMs to support fleets

Compounding impact of greater RRSP shares on growing fleet

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Operational Excellence Approach

1 DAILY MANAGEMENT SYSTEMS

2 PROBLEM SOLVING

3 DELIVER BREAKTHROUGHS

	Safety	Quality	Delivery	Inventory	Productivity
2025 Delivery	32% Improvement in TIR[1]	19% Improvement in quality	Increased arrears due to supply chain	Increased inventory levels to protect deliveries	300bps Increase in productive hours
Target Performance	Zero Harm	No Escapes	No Overdues	Industry leading DIO	Industry leading Productivity

1. Total incident rate (TIR) refers to safety incidents

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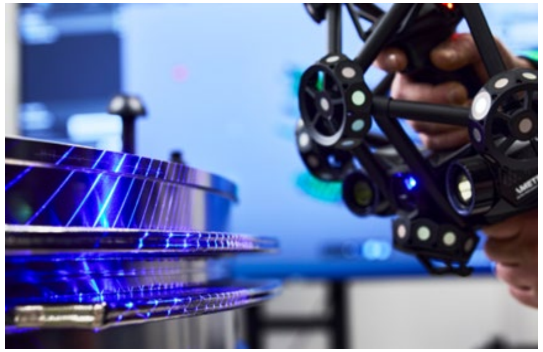
Aligned metrics and continuous improvement approach across all metrics

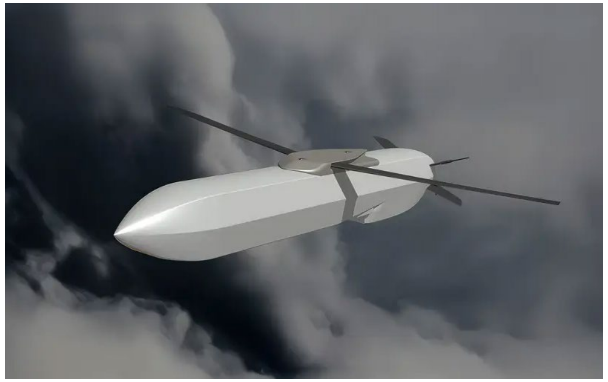
Targeted New Opportunities

Additive Fabrication



- Proprietary technology to augment forgings and castings
- 100% serial production on Fan Case Mount Ring – largest FAA certified additive component
- Large-scale titanium engine case for CFMI RISE demonstrator
- Growing demand from OEMs with increasing certification pipeline
- Industrialisation improving through volume and technology

Military Uncrewed



- Strong, growing market for military uncrewed vehicles with accelerated development
- Demand reflects nature of warfighting and sovereign autonomy
- Contract with FMV to develop clean-sheet uncrewed aerial vehicle
- Agreement with Anduril to collaborate on next gen UAV for UK defence
- Leverages our pedigree in advanced composites, EWIS and engines

Investor teach-ins during 2026 will provide further insights

Melrose

Growing Sustainably

Environmental

- All 2025 environmental targets delivered or surpassed
- On-track to meet SBTi targets set in 2024
- New 2030 sustainability targets aligned to most material topics

Social

- Significantly surpassed safety target
- Increased female board membership to 44%
- Third successive year of increased employee engagement

Governance

- Board transition to reflect A&D focus
- New Chair and three new NEDs with deep A&D experience
- Higher ESG ratings[1] reflect strengthened governance

1. Ecovadis: Gold; MCSI: "A" rating; Sustainalytics: Medium ESG risk; ISS ESG: C+ (prime)

2025 targets met and ambitious targets set for 2030

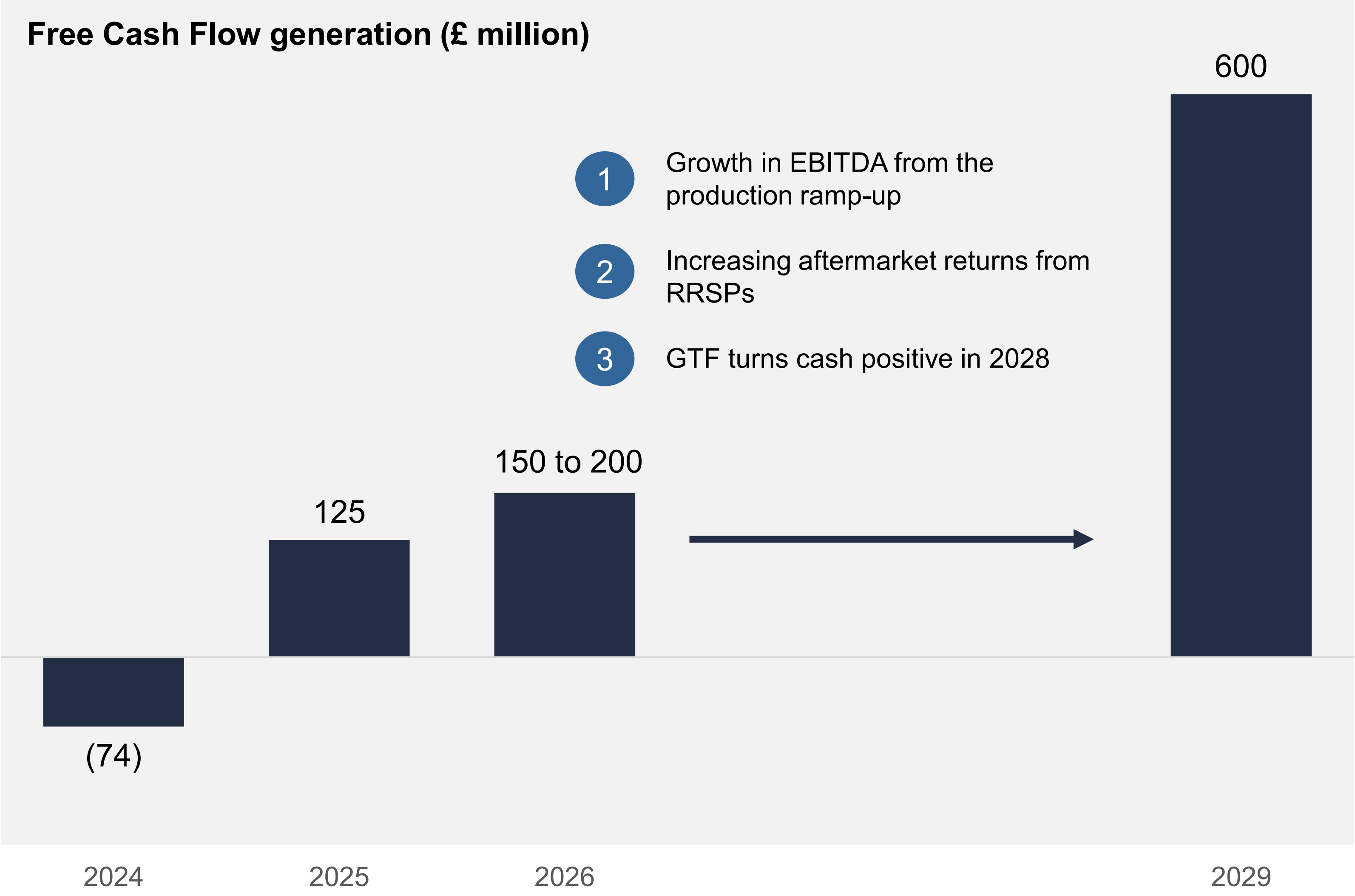
Clear Path to 2029 Targets

2029 targets

£5 billion
revenue

£1.2+ billion
operating profit

£600 million
FCF



Financial targets for the year ended 31 December 2029 assume an FX rate of US$1.25

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Executing our Plan

Strong 2025 performance

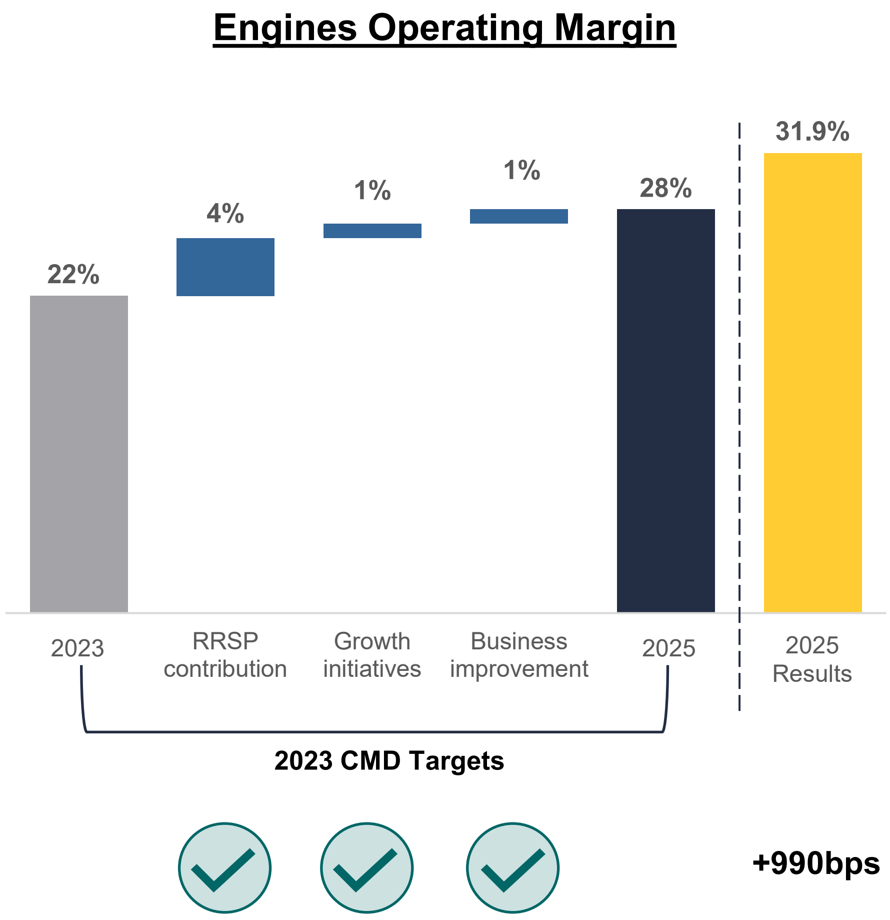
Positive growth momentum

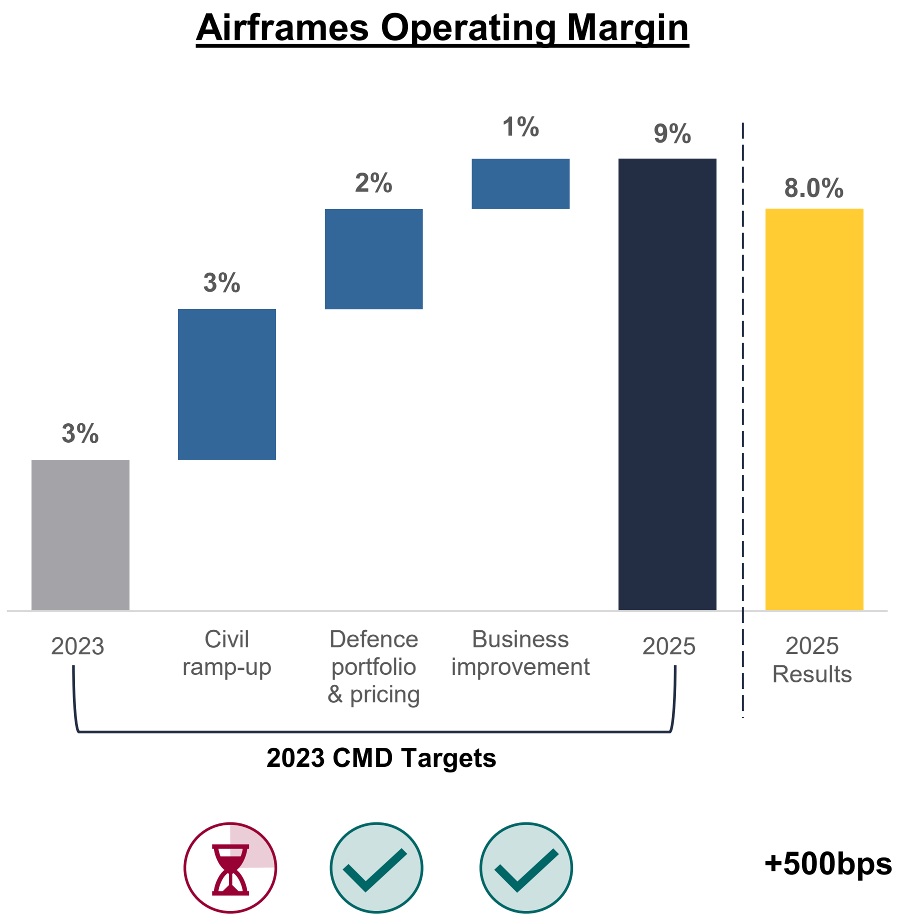
Melrose

Clear path to delivering ongoing shareholder returns and 2029 targets

Appendices

Margin Progression





Actual

Overall Melrose margin target of 17-18% delivered in 2025

- **Strong Airframes gains despite c. 10% lower than expected Civil volumes**

Reconciliation Between Statutory and Adjusted[1] Results

£m	Total	Cash spent in 2025
Statutory operating profit	**600**	
Amortisation of intangible assets acquired in business combinations	252	-
Exchange movements not hedge accounted	(232)	-
1 Restructuring costs	34	(31)
Acquisition and disposal related gains and losses	(11)	-
Impairment of assets	6	-
Net changes in fair value items	(3)	-
Equity-settled compensation scheme charges	1	(3)
Adjustments to statutory operating profit	**47**	**(34)**
Adjusted operating profit[1]	**647**	

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 Group is performing because they achieve consistency and comparability when all subsidiaries are held for a complete reporting period

1

Restructuring costs £m	Income statement charge	Cash spent in 2025
Engines	(5)	(5)
Airframes	(29)	(26)
Corporate	-	-
Total	**(34)**	**(31)**

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

Reconciliation of Net Debt[1]

Reconciliation of net debt[1] (£m)	2025
Net debt[1] at 1 January 2025	(1,321)
Free cash flow[1]	125
Dividends paid	(82)
Share buybacks	(173)
Net acquisition and disposal related cash flows	(16)
FX and other non-cash movements	68
Other	(8)
Net debt[1] at 31 December 2025	**(1,407)**

Additional liabilities analysis (£m)	2025
Net debt[1]	(1,407)
Add:	
- Lease liabilities	(330)
- Non-recourse factoring utilisation	(396)
- Retirement benefit obligations	(27)
Total	**(2,160)**

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 capital allocation policy

Some Helpful Data

Income Statement	2025	2026 Guidance (USD: $1.37)
Revenue:		
Engines	£1,632 million	£1,700 - £1,800 million
Airframes	£1,957 million	£2,050 - £2,150 million
Group	**£3,589 million**	**£3,750 - £3,950 million**
Adjusted operating profit[1]:		
Engines	£520 million	£565 - £595 million
Airframes	£156 million	£170 - £190 million
Corporate	(£29 million)[2]	(c.£35 million)[2]
Adjusted tax rate[1]	20.4%	21-22%
Income Statement cash interest:		
Interest on bank loans and overdrafts	£90 million	c.£95 million
Other cash interest[3]	£29 million	c.£35 million
Income Statement non-cash interest:		
Amortisation of financing fees	£6 million	c.£5 million
Other non-cash interest[4]	£7 million	c.£5 million
Weighted average diluted number of shares	1,276 million	c.1,250 million

Cash Flow	2025	2026 Guidance (USD: $1.37)
Depreciation and amortisation:		
Owned assets	£107 million	c.£110 million
Leased assets	£31 million	c.£40 million
Total depreciation and amortisation	**£138 million**	**c.£150 million**
Capital expenditure[1]	£94 million	£120 - £140 million
Restructuring	£31 million	No material cash costs
Defined benefit pension contributions	£22 million	c.£20 million
Cash interest	£115 million	c.£130 million
Cash tax	£12 million	c.4% of adjusted PBT[1]

Non-recourse factoring	2025	2026 Guidance
Utilisation	£396 million	No new programmes

Lifetime RRSP cash flows	Gross	Net
Total expected RRSP cash flows	$27 billion	$7.7 billion[5]

Committed bank facilities	Maturing	
Term loans and revolving credit facilities[6]	2028	£2,155 million
Term loans and revolving credit facilities[6]	2027	£50 million
Term loans and revolving credit facilities	2026	£52 million
		£2,257 million

Translational FX exposure – 1 cent strengthening[7]	US$	€
Increase in adjusted operating profit[1]	£5 million	£1 million
Percentage impact on adjusted operating profit[1]	0.7%	0.1%

1. Described in the glossary to the Preliminary Announcement and considered by the Board to be a key measure of performance
2. 2025 includes a £2 million non-cash LTIP charge; 2026 guidance includes a £3 million non-cash LTIP charge
3. Includes lease interest and interest on factoring facilities
4. Includes pension interest and unwind of discount on liabilities
5. 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
6. 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$1.35 and €1.15
7. A 1 cent strengthening of the major currencies within the Group, if this were to happen in isolation against all other currencies

Melrose

Some Helpful Data: 2029 at $1.25

Income Statement	2029 Targets[1]
Revenue:	
Engines	HSD[2] CAGR[3]
Airframes	MSD[2] CAGR[3]
Melrose Group	**c.£5 billion**
Adjusted operating profit[4]:	
Engines adjusted operating margin[4] %	Mid to high 30s
Airframes 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
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	2025
Income Statement:								
RRSP Sales	415	679	354	402	547	680	859	996
Balance Sheet:								
Unbilled work done – brought forward	**171**	**206**	**242**	**247**	**305**	**450**	**595**	**922**
Reclassification of PMI[1]								143
Add: variable consideration	28	60	26	44	105	136	207	236
Add: impact of risk assessment				24	19	57	91	116
Less: amortisation	(12)	(15)	(13)	(13)	(18)	(20)	(24)	(28)
Add: settlements[1]							35	
FX adjustments	19	(9)	(8)	3	39	(28)	18	(81)
Unbilled work done – carried forward[2]	**206**	**242**	**247**	**305**	**450**	**595**	**922**	**1,308**
Variable consideration as a % of RRSP sales	7%	9%	7%	11%	19%	20%	24%	24%
Risk assessment impact as a % of RRSP sales				6%	3%	8%	11%	12%
Amortisation as a % of start of period balance	-7%	-7%	-5%	-5%	-6%	-4%	-4%	-3%

1. The associated PMI liability was reclassified to contract liabilities in the year; settlements amounted to £68 million during 2025
2. 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)	2026	2027	2028	2029	2030	2031
Exposure in $m	565	494	382	335	22	17
Hedged	95%	88%	75%	66%	58%	50%
Hedged rate	1.17	1.16	1.17	1.17	1.23	1.24
Unhedged	5%	12%	25%	34%	42%	50%

GBP:USD (figures in USD)	2026	2027	2028	2029	2030	2031
Exposure in $m	231	166	171	171	197	136
Hedged	84%	83%	74%	65%	58%	50%
Hedged rate	1.35	1.30	1.26	1.28	1.32	1.34
Unhedged	16%	17%	26%	35%	42%	50%

Transaction FX exposures and approach

- Main currency pairs are EUR:USD and GBP:USD
- Additional SEK and NOK hedged vs USD
- 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 sensitivities

- A 1 cent movement in the USD rate changes revenue by £18 million and operating profit by £5 million
- A 1 cent movement in the EUR rate changes revenue by £8 million and operating profit by £1 million

1. US dollars are being sold