



Melrose Industries PLC
Half Year Results 2026
31st July 2026



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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 2026 Interim Financial Statements

Overview

Good first half performance with continued profit and cash flow momentum

Attractive civil and defence markets with embedded positions on leading platforms

Working closely with stakeholders to restore full Garden Grove production

Commercialising breakthrough technologies and investing for future growth

Confident in our strategy to unlock significant long-term value

H1 Highlights

FINANCIAL

10%

Increase in revenue to £1.9bn

16%

Increase in operating profit to £347m

£67 million

Increase in free cash flow to £13m

OPERATIONAL

25%

Reduction in Total Incident Rate¹

7 days

Reduction in Days Inventory Outstanding²

230bps

Increase in productivity

COMMERCIAL



Fan blade repair expansion at San Diego



Major contributor to BAE Systems Brontanox



Additive development on Pratt & Whitney F135 engine

Garden Grove Incident

SITE OVERVIEW

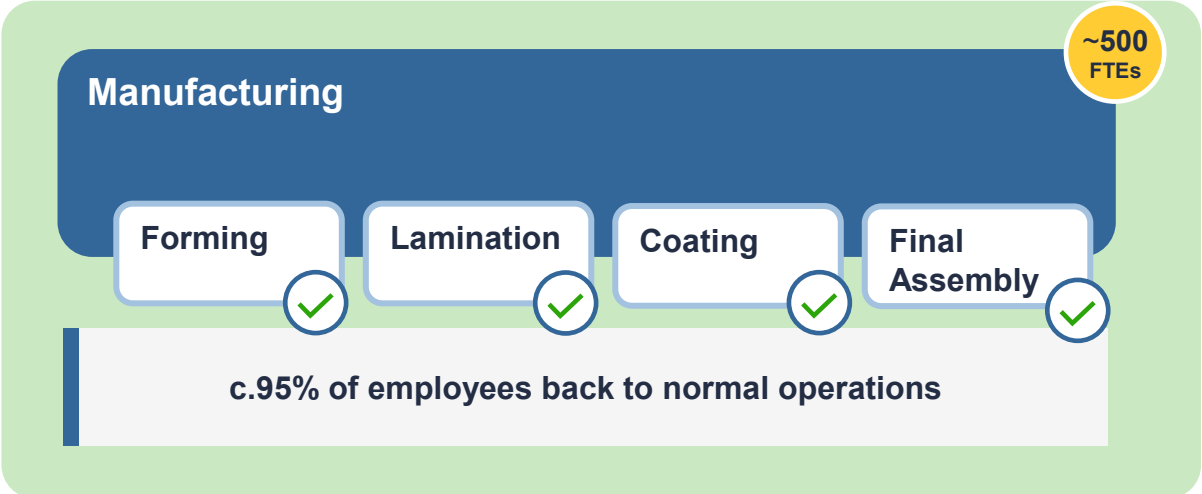
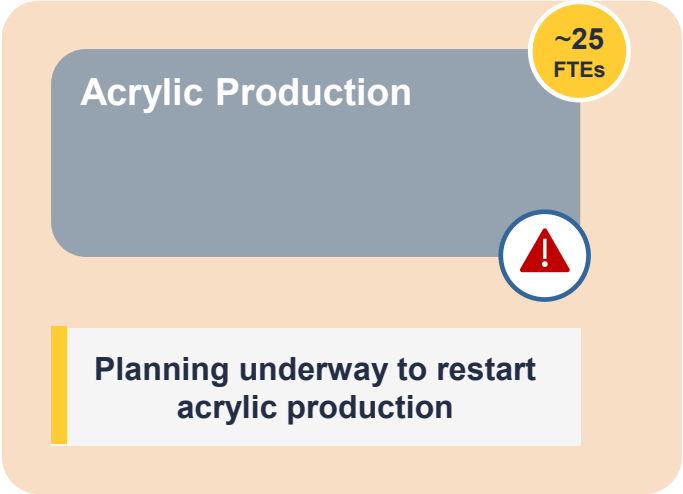
- World-leader in supply of aerospace transparencies (windows / canopies)
- Site produces significant proportion of global aerospace-grade acrylic
- Serves defence (~60%) and civil (~40%) markets with proprietary technology
- Experienced and dedicated workforce
- USG investing ~\$150m to increase F-35 canopy production

INCIDENT

- MMA chemical tank overheated in May
- Production halted alongside local evacuation to ensure safety
- No reported injuries, contamination or leaks
- Swift coordinated action by GKN and local agencies

PATH FORWARD

- Manufacturing plant resumed operations in July using existing inventory
- Third party acrylic supplies in place
- Plan underway to restart acrylic production
- Close cooperation with regulators, customers and US Government
- Uncertainties remain on timing and full financial impact





H1 2026 Results and 2026 Outlook

Ross McCluskey



Results Overview

Adjusted ¹ results £m	H1 2026	H1 2026 Excluding GG Impact ²	H1 2025	Growth	Growth Excluding GG Impact ²
Revenue	1,873	1,889	1,720	10%	11%
Operating profit	347	356	310	16%	19%
Operating margin %	18.5%	18.8%	18.0%	50 bps	80 bps
Diluted earnings per share (pence)	17.7		15.1	22%	
£m	H1 2026	H1 2026 Excluding GG Impact ²	H1 2025	Growth	Growth Excluding GG Impact ²
Free cash flow ¹	13	6	(54)	+£67m	+£60m
Dividend per share (pence)	2.7		2.4	13%	
Leverage ¹	1.8x		2.0x	(0.2x)	

Good H1 performance with double-digit revenue growth and margin expansion

Revenue growth driven by strong growth in Engines, partially offset by impact of Garden Grove in Airframes

16% increase in operating profit to £347 million, with margins increasing 50 bps to 18.5%

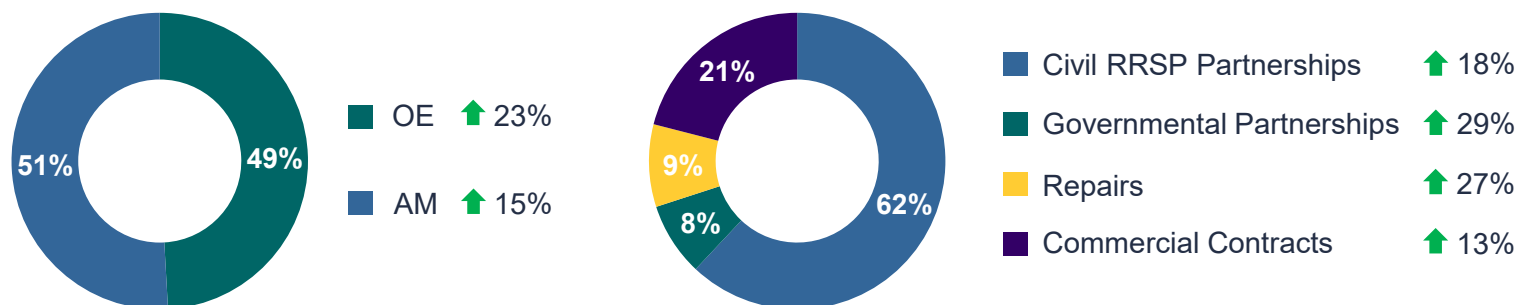
Positive free cash flow delivered in H1 despite reduction in factoring balance

Excluding the impact from Garden Grove, revenue and profit growth of 11% and 19% respectively, with margin expansion in both divisions

Engines Results

Adjusted ¹ results £m	H1 2026	H1 2026 Excluding VC ²	H1 2025	Growth	Growth Excluding VC ²
Revenue	896	690	781	19%	19%
Operating profit	303	97	261	21%	29%
Operating margin %	33.8%	14.1%	33.4%	40 bps	100 bps

REVENUE SPLITS



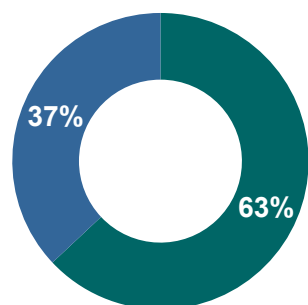
KEY POINTS

- Revenue growth of 19% driven by strong OE performance (+23%) and good growth in aftermarket (+15%)
- RRSP growth of 18% driven by broad-based growth across the Engines portfolio, particularly GTF, GENx, V2500
- In line with FY guidance, RRSP Variable Consideration contribution of £206 million (H1 2025: £182 million)
- Strong Governmental growth of 29% primarily driven by the RM12 engine (Gripen C/D)
- Continued strong progress in Repairs reflecting higher fan blade volumes
- Operating profit growth of 21%, with margin up 40 bps to 33.8% reflecting strong OE performance
- Operating margin excluding VC up 100 bps

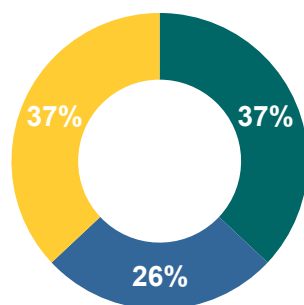
Airframes Results

Adjusted ¹ results £m	H1 2026	H1 2026 Excluding GG Impact ²	H1 2025	Growth	Growth Excluding GG Impact ²
Revenue	977	993	939	4%	6%
Operating profit	62	71	63	(1)%	13%
Operating margin %	6.3%	7.2%	6.7%	(40) bps	50 bps

REVENUE SPLITS



■ Civil ↓ (1)%
■ Defence ↑ 14%



■ Large Jets³ ↓ (3)%
■ Business Jets ↑ 2%
■ Defence ↑ 14%

KEY POINTS

- Airframes H1 results constrained by the Garden Grove incident: revenue and operating profit reduced by £16 million and £9 million respectively
- Excluding the impact of Garden Grove, H1 revenue growth of 6% and operating profit growth of 13%, with margins of 7.2%
- Defence platforms continued positive momentum with 14% revenue growth driven by F-35, C-130 and NH90
- Civil revenue marginally lower, down 1%, with growth in widebody more than offset by narrowbody due to the reduction of customer inventory
- Underlying margin improvement of 50 bps driven by Brilliant Basics productivity and efficiency improvements; good progress improving productivity at one of our Netherlands' sites

Free Cash Flow

£m	H1 2026	H1 2025	Change
Adjusted operating profit¹	347	310	
Depreciation and amortisation	70	67	
Variable consideration	(206)	(182)	
Lease obligation payments	(18)	(17)	
Movement in trade and other working capital (excluding factoring)	-	(86)	
Capital expenditure	(52)	(50)	
Garden Grove incident costs	(5)	-	
GTF PMI payments	(27)	(37)	
Net interest and net tax paid	(71)	(64)	
Net other	(10)	(26)	
Free cash flow pre-factoring¹	28	(85)	+113
Net cash flow from factoring facilities	(15)	31	(46)
Free cash flow¹	13	(54)	+67

Free cash inflow of £13 million, an improvement of £67 million

Factoring utilisation down from £396 million to £387 million; equivalent to a H1 2026 cash outflow of £15 million at constant currency

Working capital movements neutral in H1, with c.£20-£25 million higher customer receipts than anticipated at the end of June

Capex spend modestly higher than H1 2025 with acceleration expected in H2

GTF PMI payments of £27 million, in line with guidance

Garden Grove incident cash costs of £5 million in H1. Total net cash benefit of +£7 million, with £12 million operating cash inflow (working capital unwind) offsetting cash costs

Full year cash flow seasonally weighted towards H2

Net Debt¹ and Shareholder Returns

£m	H1 2026
Net debt¹ at 31 December 2025	(1,407)
Free cash inflow	13
Dividends paid	(60)
Share buyback	(70)
Capital return from investments	13
FX and other non-cash movements	(19)
Net debt¹ at 30 June 2026	(1,530)

BALANCE SHEET

- Leverage¹ maintained at 1.8x EBITDA at 30 June 2026 (within 1.5-2.0x target)
- Refinancing of Group's banking facilities expected in H2 2026
- Factoring: Guidance clarified – year end factoring balance growth will be capped at no more than growth in Group revenue (pre translational FX impact). FY 2026 cash flow contribution from factoring: £30 - £50 million²

SHAREHOLDER RETURNS

- £250 million share buyback programme completed in March 2026
- £130 million of cash returned to shareholders in H1
- £175 million share buyback programme paused pending clarification of financial impact of Garden Grove
- Interim dividend of 2.7p per share proposed, 13% growth

Garden Grove: Financial Impact in 2026

£m	H1 2026 Actuals	H2 2026 Estimated
Operational impact		
Revenue	(16)	c.(6)/month
Operating profit	(9)	c.(6)/month
Cash	+12	c.(6)/month
Exceptional costs		
P&L	(13)	c.(25 to 30)
Cash	(5)	c.(25 to 30)
Total cash impact	+7	c.(30 to 65)

- Expect the site to run at c.50% of normal capacity until full production resumed
- H2 cash impact will depend on timing of full restart and working capital build

- Legal and advisory exceptional costs of c.£25-30 million in H2

- Excludes any potential impact from regulatory/legal processes or compensation programme
- Insurance recoverability under review

2026 Guidance @ \$1.37 (Excluding Garden Grove Impact)

£m	2026 Guidance (Excluding Garden Grove Impact)
Revenue:	
Engines	1,700-1,800
Airframes	2,050-2,150
Group	3,750-3,950
Adjusted operating profit¹:	
Engines	565-595
Airframes	170-190
Corporate	~(35)
Group	700-750
Margin by division:	
Engines	c.33%
Airframes	c.9%
Group	c.19%
Free cash flow¹	150-200

Group: Revenue of £3,750-£3,950 million, growth of c.10% at mid-point
Operating profit of £700-£750 million, 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%



Strategic Progress & Growth Outlook

Peter Dilnot

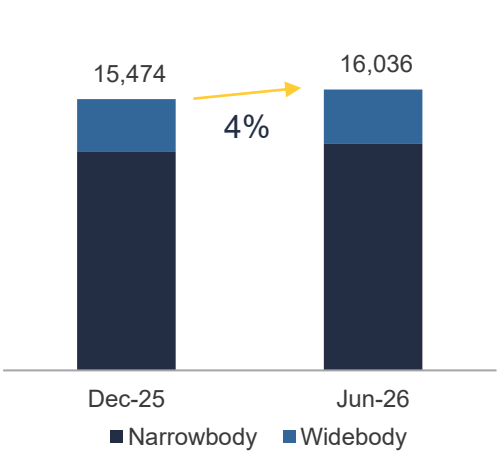


Structural Market Growth

MARKET OUTLOOK

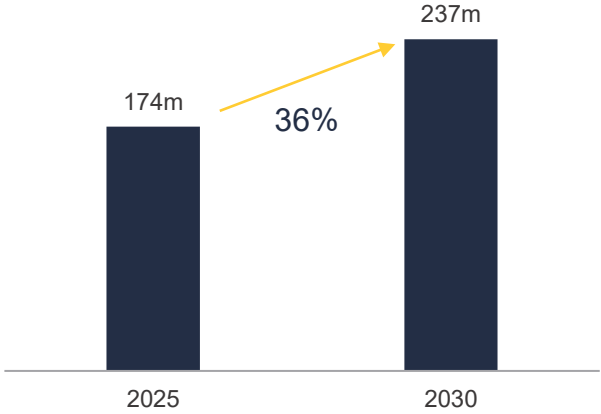
CIVIL ORIGINAL EQUIPMENT

RIISING AIRCRAFT BACKLOGS



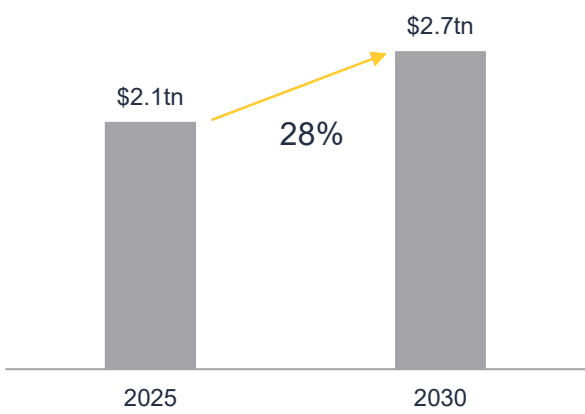
CIVIL AFTERMARKET

GROWING ENGINE FLIGHT HOURS



DEFENCE

INCREASING NATO DEFENCE SPEND



MELROSE POSITION

Design-led positions on all the world's major aircraft

Platform positions lock in future aircraft production growth

RRSP portfolio gives us entitlement on 70% of global flying hours

Higher programme shares on newer engines amplify future aftermarket growth

Embedded positions on all major platforms, with new opportunities in UAVs

Increasing defence spend drives growth in both OE and aftermarket

1. Source: Teal, Aviation Week Intelligence Network, Global Data Aerospace
2. Backlog data includes: Airbus A220, A320, A330, A350 and Boeing B737, B767, B777, B787

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

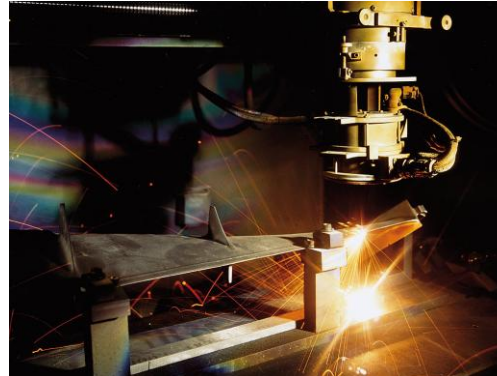
~90%¹

Plan to 2029

~10%¹

2030+

Existing Platforms – Engines



H1 2026 progress

- OE growth of 23% driven by strong demand for GTF and GEnx programmes
- Good progress on GTF AOG and GTF Advantage ramp-up
- Secured multi-year repair agreements with Rolls-Royce and Pratt & Whitney
- Expanded capacity in North Charlestown to support future growth in advanced engine components
- Brilliant Basics driving quality, inventory and productivity improvements

H2 2026 +

- Deliver growth from new engine production ramp-up (GTF, GEnx, XWB)
- Increase RRSP cash generation from newer engines entering shop visits
- Drive productivity through operational excellence, supplier performance management and automation / AI

LEAN OPERATING MODEL EXAMPLES

GEnx KAIZEN WEEK TALLASSEE (US)



90% Reduction in inspection time
for GEnx fan cases

REPAIR TURNAROUND TIMES JOHOR (Malaysia)



75% Reduction in turnaround time
on engine fan blades repair

Existing Platforms – Airframes



H1 2026 progress

- Further increases in civil backlog, particularly with narrowbody aircraft
- Continued investment in capabilities to support rate readiness and productivity
- Leveraging global footprint to serve customers locally and cost effectively
- Significant improvement in output and productivity following previous production transfers in the Netherlands
- Brilliant Basics driving operational improvements in supplier management and customer delivery

H2 2026 +

- Deliver production ramp-ups across portfolio
- Diversify through increasing aftermarket participation
- Expand margins through operational excellence, automation and AI

LEAN OPERATING MODEL EXAMPLES

SUPPLIER QUALITY HOOGEVEEN (NL)



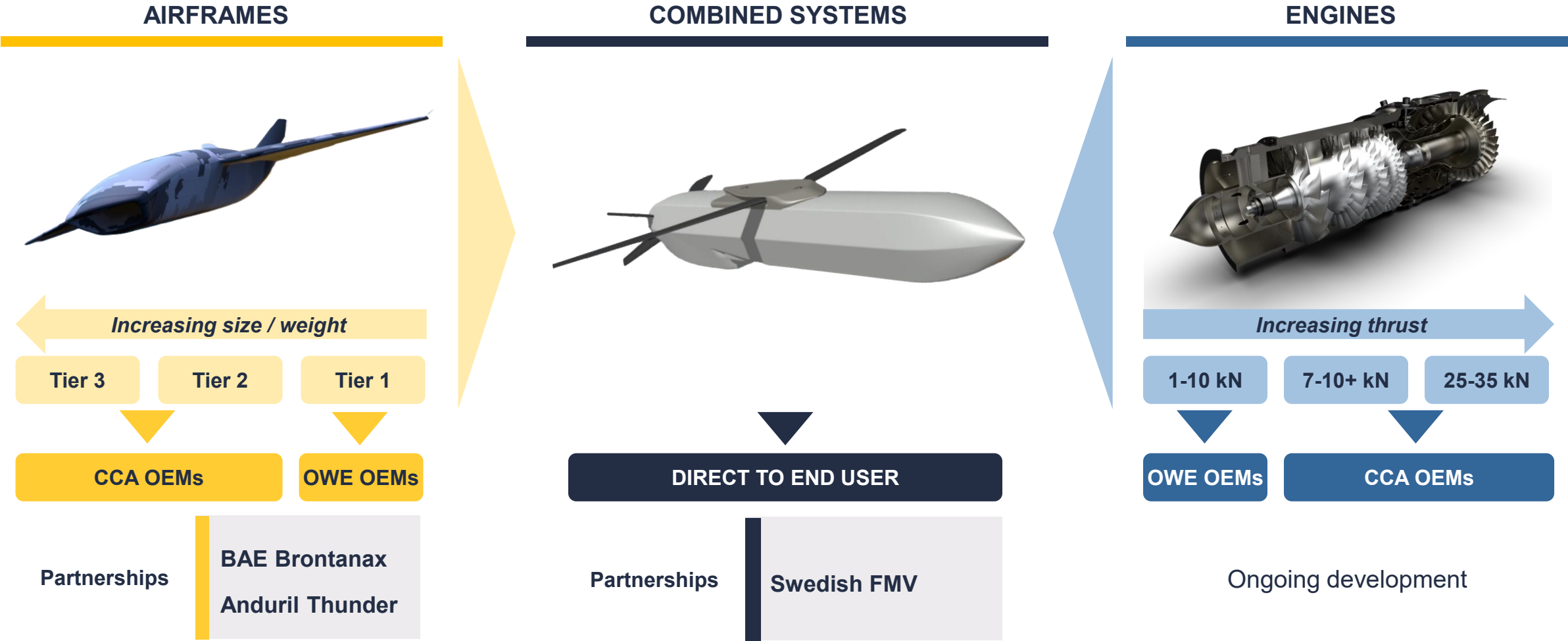
80% Reduction in customer issues linked to supplier parts

ON-TIME DELIVERIES PAPENDRECHT (NL)



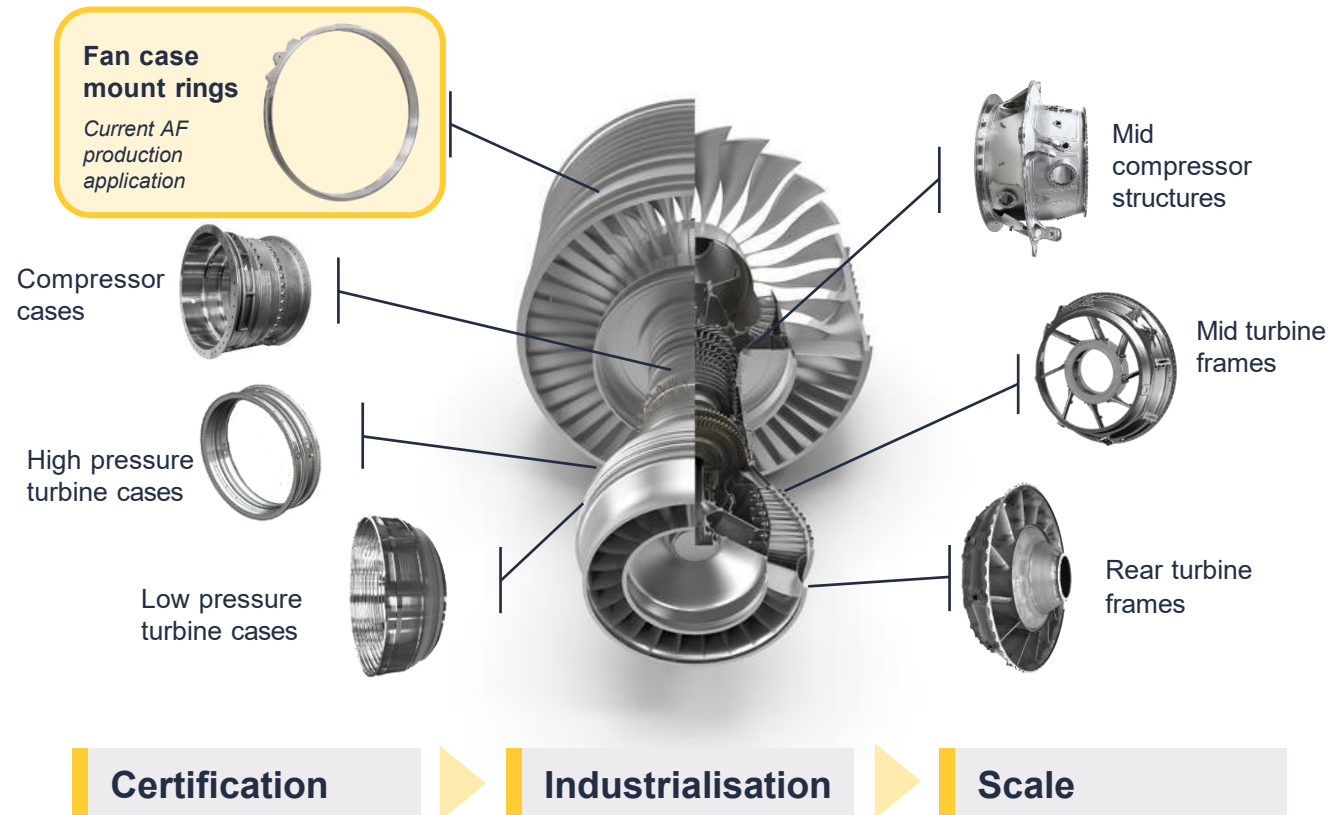
>£1m Annual labour cost savings through schedule optimisation

Targeted New Opportunities – DUAVs



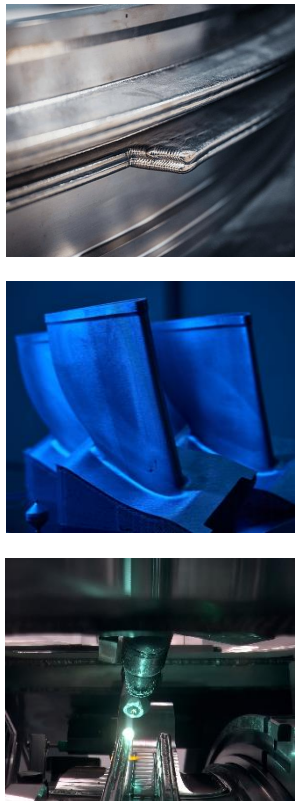
Targeted New Opportunities – Engines Additive Fabrication

TARGET MARKET: STRUCTURAL COMPONENTS FOR GAS TURBINE ENGINES



UNIQUE PROPRIETARY OFFERING

- Fabricated Castings
- Fabricated Forgings
- Direct Energy Deposition – Powder
- Direct Energy Deposition – Wire
- Laser Powder Bed Fusion



Next Generation Platforms

Airframes

CIVIL

Design partner on next-generation single-aisle programmes

- Systems integrated Fixed Trailing Edge
- Wing spars, moveable structures and folding wing technologies
- Ice-protected slats
- Wing of Tomorrow, SuSWINGS

DEFENCE

Design partner on next-generation defence air platforms

- Sixth-generation fighters (GCAP)
- Collaborative Combat Aircraft partnerships (BAE Brontanax, Anduril Thunder)
- Next-generation missiles and canisters systems



Engines

Extensive positions on leading global engine technology demonstrator programmes

- Only partner on both CFM RISE and Next Gen GTF
- Involved with Rolls-Royce UltraFan
- EU development initiatives including hydrogen-electric

Propulsion partner on next-generation defence and autonomous platforms

- Propulsion technologies for Collaborative Combat Aircraft
- Unmanned and autonomous aerial systems
- Future Combat Air System (FCAS) programmes

Drivers of Free Cash Flow

Growing operating profit

- Production ramp-up
- Growing aftermarket, including repairs
- Operational improvements
- Expansion into new areas

Engines RRSPs

- All 17 non-GTF RRSPs currently cash generative
- Cash generation increases as newer engines enter aftermarket

GTF RRSP

- GTF programmes turn cash positive in 2028
- Increased penetration of GTF Advantage

NEW ENGINES

- | To 2029 | 2030 – 2035 | Notes |
|--|---|--|
| <ul style="list-style-type: none"> • Increasing contribution from GENx and XWB • GTF turns cash positive in 2028 | <ul style="list-style-type: none"> • Contribution from 4 new engines continues to grow • New engines overtake mature in ~2030 | <ul style="list-style-type: none"> • Higher share on new programmes (4 to 7%) • Represents majority of the NPV of expected future cash flows |

MATURE ENGINES

- | | | |
|--|--|--|
| <ul style="list-style-type: none"> • CFM56 and V2500 continue to generate good levels of cashflow • Absolute contribution remains flat | <ul style="list-style-type: none"> • Contribution starts to decline but slowly as aircraft are retired • Contribution remains healthy into 2030s | <ul style="list-style-type: none"> • Longer in-service lives extend valuable aftermarket cash flows |
|--|--|--|

NEXT GEN ENGINES

- | | |
|--|---|
| <ul style="list-style-type: none"> • Ongoing light investment | <ul style="list-style-type: none"> • Investment ramps steadily (pending RRSPs) |
|--|---|

Summary

Good first half performance with continued profit and cash flow momentum

Attractive civil and defence markets with embedded positions on leading platforms

Working closely with stakeholders to restore full Garden Grove production

Commercialising breakthrough technologies and investing for future growth

Confident in our strategy to unlock significant long-term value



Appendices



Reconciliation Between Statutory and Adjusted¹ Results

£m	H1 2026		H1 2025	
	Adjusted ¹ results	Statutory results	Adjusted ¹ results	Statutory results
Operating profit	347	154	310	441
Net finance costs	(65)	(65)	(62)	(62)
Net tax charge	(60)	(14)	(54)	(94)
Profit after tax	222	75	194	285
Diluted earnings per share	17.7p	6.0p	15.1p	22.2p
Total dividend per share	2.7p	2.7p	2.4p	2.4p

£m	Total	Cash spent in H1 2026
Statutory operating profit	154	
Amortisation of intangible assets acquired in business combinations	124	
Exchange movements not hedge accounted	56	
Garden Grove incident costs	13	5
Restructuring costs	-	6
Adjustments to statutory operating profit	193	11
Adjusted operating profit¹	347	

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

Adjusted¹ 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

Factoring

£m		USD:GBP
Factoring utilisation at 31 December 2024	338	\$1.25
FX movements	(29)	
Net cash inflow	31	
Factoring utilisation at 30 June 2025	340	\$1.37
FX movements	6	
Net cash inflow	50	
Factoring utilisation at 31 December 2025	396	\$1.35
FX movements	6	
Net cash outflow	(15)	
Factoring utilisation at 30 June 2026	387	\$1.33

£m		USD:GBP	Factoring growth %	Group revenue growth %
Factoring utilisation at 31 December 2025	396	\$1.35		
FX movements ¹	(6)			
Guidance: Net cash inflow	c.30-50			
Guidance: Factoring utilisation at 31 December 2026	c.420-440	\$1.37	7-12%	7-12%

**2026
Guidance**

Factoring utilisation reduced by £9 million to £387 million at 30 June 2026

Year end growth in factoring balance: to remain in line with total Group revenue growth at constant currency (pre translational FX impact on the factoring balance)

Some Helpful Data: Excluding Garden Grove Impact

Income Statement	H1 2026	2026 Guidance (USD: \$1.37)
Revenue:		
Engines	£896 million	£1,700 - £1,800 million
Airframes	£977 million	£2,050 - £2,150 million
Group	£1,873 million	£3,750 - £3,950 million
Adjusted operating profit¹:		
Engines	£303 million	£565 - £595 million
Airframes	£62 million	£170 - £190 million
Corporate	(£18 million) ²	(c.£35 million) ²
Adjusted tax rate ¹	21.3%	21-22%
Income Statement cash interest:		
Interest on bank loans and overdrafts	£44 million	c.£95 million
Other cash interest ³	£15 million	c.£35 million
Income Statement non-cash interest:		
Amortisation of financing fees	£2 million	c.£5 million
Other non-cash interest ⁴	£4 million	c.£5 million
Weighted average diluted number of shares	1,252 million	c.1,250 million

Cash Flow	H1 2026	2026 Guidance (USD: \$1.37)
Depreciation and amortisation:		
Owned assets	£53 million	c.£110 million
Leased assets	£17 million	c.£40 million
Total depreciation and amortisation	£70 million	c.£150 million
Capital expenditure ¹	£52 million	£120 - £140 million
Restructuring	£6 million	No material cash costs
Defined benefit pension contributions	£2 million	c.£20 million
Net cash flow from factoring facilities	(£15 million)	c.£30 - £50 million
Cash interest	£62 million	c.£130 million
Cash tax	£9 million	c.4% of adjusted PBT ¹

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	£2,166 million
Term loans and revolving credit facilities ⁶	2027	£50 million
		£2,216 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%

- Described in the glossary to the 2026 Interim Financial Statements and considered by the Board to be a key measure of performance
- H1 2026 includes a £2 million non-cash LTIP charge; 2026 guidance includes a £3 million non-cash LTIP charge
- Includes lease interest and interest on factoring facilities
- Includes pension interest and unwind of discount on liabilities
- 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
- Maturity date is the latest possible date the loans could mature assuming the Company exercises its options to extend. GBP value converted at period end rate of US\$1.33 and €1.16
- A 1 cent strengthening of the major currencies within the Group, if this were to happen in isolation against all other currencies

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 profit⁴:			
Engines adjusted operating margin ⁴ %		Mid to high 30s	
Airframes adjusted operating margin ⁴ %		Low-teens	
Melrose Group adjusted operating profit⁴		£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 flow⁴		£600 million	

Historical Variable Consideration Table

£m	2018	2019	2020	2021	2022	2023	2024	H1 2025	2025	H1 2026
Income Statement:										
RRSP Sales	415	679	354	402	547	680	859	485	996	555
Balance Sheet:										
Unbilled work done – brought forward	171	206	242	247	305	450	595	922	922	1,308
Reclassification of PMI ¹									143	
Add: variable consideration	28	60	26	44	105	136	207	101	236	157
Add: impact of risk assessment				24	19	57	91	101	116	60
Less: amortisation	(12)	(15)	(13)	(13)	(18)	(20)	(24)	(20)	(28)	(11)
Add: settlements ¹							35	37		
FX adjustments	19	(9)	(8)	3	39	(28)	18	(92)	(81)	23
Unbilled work done – carried forward²	206	242	247	305	450	595	922	1,049	1,308	1,537
Variable consideration as a % of RRSP sales	7%	9%	7%	11%	19%	20%	24%	21%	24%	28%
Risk assessment impact as a % of RRSP sales				6%	3%	8%	11%	21%	12%	11%
Amortisation as a % of start of period balance	-7%	-7%	-5%	-5%	-6%	-4%	-4%	-2%	-3%	-1%

Foreign Exchange Environment: Transactional Hedging Position¹

EUR:USD (figures in USD)	2026	2027	2028	2029	2030	2031	2032
Exposure in \$m	599	547	439	383	303	282	141
Hedged	99%	95%	84%	72%	63%	53%	16%
Hedged rate	1.17	1.16	1.17	1.18	1.23	1.25	1.25
Unhedged	1%	5%	16%	28%	37%	47%	84%

GBP:USD (figures in USD)	2026	2027	2028	2029	2030	2031	2032
Exposure in \$m	348	210	210	176	197	198	90
Hedged	99%	84%	74%	63%	59%	48%	17%
Hedged rate	1.35	1.31	1.27	1.28	1.32	1.34	1.32
Unhedged	1%	16%	26%	37%	41%	52%	83%

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 £17 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