

1 August 2025

## MELROSE INDUSTRIES PLC

### UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

#### Strong first half performance and focused execution

Melrose Industries PLC ("Melrose", the "Company" or the "Group"), a world-leading global aerospace and defence business, today announces its interim results for the six months ended 30 June 2025 (the "Period").

#### Group highlights

- Strong first half performance with revenue growth of 6% on a like-for-like basis and adjusted operating profit<sup>1</sup> up 29%<sup>2</sup> versus the comparative period
- Adjusted operating margin<sup>1</sup> at 18.0%, up 380bps versus prior year with good progression in both divisions
- Continued strong execution and commercial progress despite supply chain and tariff disruption
- Multi-year transformation programme nearing completion, a key driver of margin expansion
- Improvement of £91 million in free cash flow versus the comparative period; on track to deliver £100+ million of free cash flow in 2025
- Guidance for the full year unchanged on a constant currency basis

	Adjusted <sup>1</sup> results		Growth <sup>2</sup>	Statutory results	
	2025	2024		2025	2024
	£m	£m		£m	£m
<b>Continuing operations</b>					
Revenue	1,720	1,742	6%	1,720	1,742
Operating profit/(loss) (post-PLC costs <sup>3</sup> )	310	247	29%	441	(62)
Operating margin	18.0%	14.2%	380bps		
Profit/(loss) before tax	248	204	24%	379	(105)
Diluted earnings per share (p)	15.1p	11.9p	30%	22.2p	(6.1p)
Dividend per share (p)	2.4p	2.0p	20%	2.4p	2.0p
Free cash flow <sup>1</sup>	(54)	(145)	+£91m	n/a	n/a
Net debt <sup>1</sup>	1,404	1,321		n/a	n/a
Leverage <sup>1</sup>	2.0x	1.9x		n/a	n/a

Net debt and leverage comparative information as at 31 December 2024

Peter Dilnot, Chief Executive Officer of Melrose Industries PLC, today said:

*"We delivered a strong performance in the first half with a 29% improvement in profit and cash flow significantly stronger than last year despite the backdrop of supply chain and tariff disruptions. Our multi-year transformation programme will be completed by year end and the benefits are already reading through with more to come. We have a clear strategy underpinned by attractive aerospace and defence markets, differentiated technology and established positions on the world's leading civil and defence aircraft. We are confident about delivering sustained increases in profit and cash flow in the years ahead and our free cash flow target of £600 million in 2029."*

#### Financial highlights<sup>2</sup>

- Revenue of £1,720 million, 6% growth on the prior year on a like-for-like basis (1% including exited businesses)
- Statutory operating profit of £441 million (2024: loss of £62 million) including gains on foreign exchange derivative contracts

#### Exchange derivative contracts

- Successful in largely mitigating the direct impact of current tariffs
- Free cash outflow improved by £91 million to £54 million (2024: £145 million outflow) largely driven by higher earnings and lower restructuring costs
- Adjusted diluted EPS<sup>1</sup> of 15.1p compared to 11.9p in 2024 representing growth of 30%. Statutory diluted EPS of 22.2p (2024: loss of 6.1p)
- Net debt<sup>1</sup> of £1,404 million, representing leverage<sup>1</sup> of 2.0x, after funding growth and £71 million of share buybacks in 2025 (£91 million of current £250 million buyback programme completed)
- Continued dividend growth, with an interim dividend of 2.4 pence per share declared, an increase of 20% on the prior year

## Divisional highlights<sup>2</sup>

### Engines

- Engines revenue growth of 11% to £781 million with adjusted operating profit<sup>1</sup> up 26% to £261 million primarily driven by our leading risk and revenue sharing partnerships (RRSP) portfolio
- Engines adjusted operating margin<sup>1</sup> of 33.4%, 400bps higher than the comparative period driven by revenue growth and favourable mix
- Adjusted operating profit<sup>1</sup> included £182 million (2024: £160 million) of variable consideration from RRSP contracts
- Five-year contract extension with Pratt & Whitney to support critical fan blade repairs with new San Diego facility fully operational
- Continued strong progress in additive fabrication, with 100% serial production on the Fan Case Mount Ring for the PW1500G expected by the end of 2025
- Deepened relationship with the Swedish Defence Administration (FMV), with investment in engine assembly, test and MRO repair capabilities for the RM16 engine

### Structures

- Structures revenue growth of 3% to £939 million (7% lower including businesses exited in 2024) reflecting good growth in Defence partially offset by Civil where revenue was flat, as expected
- Structures delivered 32% growth in adjusted operating profit<sup>1</sup> to £63 million as a result of revenue growth, business improvement actions and operational efficiencies
- Adjusted operating margin up 200bps at 6.7%
- Defence performing strongly driven by operational improvements; good progress in portfolio repricing, meeting our year-end target six months ahead of schedule
- Six-year contract extension signed with BAE Systems for canopies on the Typhoon; and five-year contract signed with Lockheed Martin for C-130J nacelles
- Agreement with Archer to further expand engagement in the 'Midnight' electric platform following our capital-light approach to investment
- Restructuring programme nearing completion with full benefits expected in 2026 and beyond

### Governance

- Further to his appointment as Non-executive Director and Chair designate on 1 October 2024, on 30 March 2025, Chris Grigg took over as Non-executive Chairman of the Board
- On 19 May 2025, Alison Goligher was appointed to the Board as Non-executive Director and Chair of the Remuneration Committee

## Guidance for 2025 full year<sup>4</sup>

On a constant currency basis, our guidance for the full year is unchanged. Given the strengthening of sterling against the US dollar we are updating our guidance to reflect an average exchange rate of GBP £ = US 1.335 (previously 1.25), representing a movement of 7%:

- Guidance continues to exclude the direct and indirect impact of any new or changed tariffs
- Revenue between £3,425 million and £3,575 million (previously £3,550 million to £3,700 million)
- Adjusted operating profit (post PLC costs) of between £620 million to £650 million (previously £650 million to £690 million)
- Variable consideration of between £310 million and £340 million (previously £320 million to £360 million)
- Free cash flow after interest and tax remains unchanged at £100+ million

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**Audience Webcast link**

<https://streamstudio.world-television.com/1006-1475-41983/en>

**Conference Call Details - 9.30am, Friday 1 August**

United Kingdom (Local): +44 20 3936 2999

United Kingdom (Toll-Free): +44 808 189 0158

[Global Dial-In Numbers](#)

Access Code: 614139

**Melrose Industries PLC**

Melrose is an industry-leading global aerospace and defence technology business, listed in the UK, with more than 30 manufacturing sites across 12 countries. We are a 'Super-Tier 1' partner to all airframe and engine OEMs, with design-led solutions on-board 100,000 flights a day, across all of today's high-volume aircraft. We operate through two market-leading divisions, Engines and Structures, across both original equipment and the aftermarket, covering the civil and defence markets. Every day we deliver flight-critical components including full engine systems and structures; major airframe components such as wings and empennages; and full aircraft electrical wiring systems. We have an excellent track record of delivering value for both customers and shareholders and have set out an exciting growth plan ahead.

**Notes**

1. Described in the glossary to the Interim Announcement and considered by the Board to be a key measure of performance
2. Like-for-like growth is calculated at constant currency against 2024 results and, for revenue, excludes exited businesses
3. PLC costs are also referred to as corporate costs
4. Assuming US = 1.335 average exchange rate

**CHIEF EXECUTIVE OFFICER'S REVIEW**

**INTRODUCTION**

Melrose has a clear path to value creation and we are executing our plan. In the first half of 2025 we delivered a strong performance despite the backdrop of supply chain challenges and tariff disruption. All our end markets continue to grow structurally with rapidly increasing demand in defence. Our unique design-led portfolio effectively locks in growth through our established OE and aftermarket positions. We are also making great progress with commercialising our technology with new target opportunities, while contributing to the next generation of flight.

In the first half, our operating profit increased by 29% driven by underlying revenue growth, positive aftermarket mix and our improvement actions reading through. Our teams have continued to execute strongly, including navigating the additional complexity created by the introduction of US tariffs at the start of the second quarter. Our free cash flow was £91 million better than the comparative period primarily due to increasing earnings and lower restructuring costs. We are very confident of significant positive cash inflow in the second half and delivering our full year free cash flow guidance of £100+ million. Our multi-year transformation programme will also be completed by the end of this year as planned.

Going forward, our strategy provides a clear path for significant value creation through the delivery of profitable growth and accelerating cash generation. We operate in attractive aerospace and defence markets with excellent fundamentals supported by record order backlogs and a strong aftermarket. We have repositioned Melrose as a design-led Tier 1 business with embedded technology in the world's leading aircraft, so we are well placed to benefit from growing structural demand.

The most significant contributor to future Melrose value is profitably capturing the growth from our established positions across civil and defence platforms, as production ramps and the aftermarket reads through. This is augmented by our ongoing expansion in attractive target opportunities such as commercialising our breakthrough proprietary additive fabrication technology in Engines and developing unmanned defence air vehicles in Structures. Beyond these, we continue to position for the longer-term with partnerships working on the next generation of single aisle engines and airframes, 6<sup>th</sup> generation fighters, and electric flight.

Looking ahead, we are very well placed to deliver further growth in profit and accelerating cash flow. Although supply constraints may persist, there are record customer order backlogs and OEM production will ramp up to meet this demand in the years ahead. Civil flight hours are set to continue to grow over the medium-term which will generate increasing aftermarket cashflows. In parallel, there is increasing demand for existing defence platforms and we are actively involved in rapid development of new platforms. We have positive momentum, a clear strategy and excellent growth opportunities ahead.

**FIRST HALF 2025 RESULTS<sup>2</sup>**

Group revenue rose 6% in the first half to £1.720 million. This comprised strong Engines growth of 11%, driven primarily by our RRSP portfolio, and Structures growth of 3%, reflecting a good Defence performance. The weakening of the dollar against sterling reduced revenue and adjusted operating profit by £32 million and £8 million respectively versus the comparative period. There was a 29% increase in

adjusted operating profit to £310 million, with margins up 380bps to 18.0% driven by sales growth and business and operational improvements. Our net debt position was in line with our expectations at £1,404 million, representing a leverage ratio of 2.0x, after funding growth, ongoing restructuring and share buybacks.

Across the Group, we made significant operational gains, reinforcing safety and quality as top priorities. On safety, our Total Incident Rate ('TIR') was 14% lower than the same period in 2024, while quality 'escapes' were down by 22%. Quality improvements not only strengthened customer relationships but also drove a number of efficiency savings versus the comparative period. These gains reflect the traction we are seeing with our lean operating model, 'Brilliant Basics', which is creating a strong culture of continuous improvement throughout Melrose.

Our multi-year restructuring programme is nearing completion with payment of final costs planned for the second half. This programme has significantly streamlined our global footprint through the exit of non-core and, in some cases, loss-making business and represents a key driver of margin expansion. In Defence, we have met our year-end target to reprice 85% of the portfolio six months ahead of plan.

Melrose is a 'Super-Tier 1' partner with design-led solutions deeply embedded in our customers' aircraft and engines, often for the life of the programme. During the Period, we made good progress in all areas of our growth strategy.

In Engines, we had continued success in our breakthrough proprietary additive fabrication technology, where demand remains strong, with new orders signed and multiple requests from customers. This builds on our long-term partnerships with both Pratt & Whitney and GE Aerospace. In June, we announced a major milestone on the Fan Case Mount Ring on the PW1500G with the transition from initial production phase to 100% serial production by end of 2025. This reinforces our position as the only supplier to have a certified additively fabricated part flying today. We are a proud RRSP partner in the GTF programme and the recently certified Advantage variant (the upgrade to the base Pratt & Whitney GTF engine), which has further improved the efficiency of the geared turbofan engine, powering the E2, A320neo and A220 families and supporting airlines globally. Our Engines repairs business secured contracts from existing OEMs, including a five-year contract extension with Pratt & Whitney for critical fan blades, and a three-year defence contract for fan blade repairs for Boeing on the C-17 Globemaster.

In Structures, we announced several new contract wins. On the Civil side, we signed an agreement with Archer expanding the scope of our involvement on the 'Midnight' platform demonstrating our joint goals of advancing sustainable electric flight, as we transition towards certification and industrialisation of this new market area. In Defence, which accounts for 34% of Structures revenue, we signed a five-year contract with Lockheed Martin through to the end of 2029 for continued manufacture of C-130J nacelles. We also signed a six-year follow-on contract with BAE Systems for continued manufacture of Typhoon canopies through to the end of 2030, in support of European defence growth.

Looking further ahead, Engines is the only strategic partner on both future engine development programmes: the CFM1 RISE and Pratt & Whitney's next-generation GTF. Within RISE, our work is focused on additive fabrication capability, while our core input in the future GTF is around our leadership in complex load-bearing structures. During the Period we continued to support these programmes including demand for more components. In Defence, where global spending is set to increase substantially over the coming years, the strength of our technology positions us favourably on next generation programmes, particularly in uncrewed and 6<sup>th</sup> generation fighters, and especially in Europe where new developments are moving at pace.

## **WELL-POSITIONED IN STRUCTURAL GROWTH MARKETS**

Melrose's revenue streams are broad-based, generating income from: Engines and Structures; original equipment and aftermarket; and across both civil aerospace and defence markets. Within civil, we have content on large, regional and business jets and within defence, both fixed wing and rotorcraft. In the first half, civil aerospace and defence represented 72% and 28% of Group revenue respectively.

Across our end markets, the most notable development during the Period was the outlook for defence, with global tensions and conflict driving a significant increase in military spending commitments. In June, NATO members announced their agreement to increase their defence spending target from 2% of gross domestic product to 3.5%. In the US, the defence budget for 2026 was a record-breaking proposal, requesting c.US 1 trillion with a number of programme highlights including large weapons systems. In Europe, the ReArm Europe Plan aims to mobilise €800 billion defence spending by 2029, and Security Action for Europe is a new EU instrument offering €150 billion in loans for joint procurement of military equipment. Through our existing positions on major defence platforms (eg. F-35, Eurofighter, rotorcraft and transport platforms) and our strong technology track record, we are well placed to benefit from this increased spending and are already participating on a number of new projects. Given these developments in the defence landscape have only recently surfaced, the associated opportunities are not included in our 2029 targets and so provide a potential source of upside.

In civil aerospace, we hold embedded positions on all leading commercial narrowbody and widebody aircraft, with a stronger weighting towards Airbus. In civil Engines, we lead the industry in the fabrication of advanced engine structures, cases and frames. We are RRSP partners on 19 different engine families, six of which will generate 90% of the value of the RRSP portfolio namely: the CFM56 and IAE V2500, that power all mature single-aisle aircraft; newer widebody engines namely the GE Aerospace GEnx and Rolls-Royce XWB; and the Pratt & Whitney GTF PW1100G and PW1500G, which power the latest narrowbody and regional aircraft. In all, our RRSPs cover around 70% of major civil aircraft flight hours globally. In civil Structures, we have strong embedded positions with over 70% of our content provided on a sole-sourced basis. We have design-to-build expertise in metallic and composite components, as well as wiring, transparencies and anti-ice systems for both civil and defence platforms, including a strong presence in business jets.

During the first half, geopolitics continued to shape our end markets and the increase in tariffs has added complexity and uncertainty. In the short-term, the industry continues to navigate the impact of these new trade restrictions which have put pressure on supply lines and customer deliveries. In response, we took immediate action to assess their impact and as a result of working closely with our partners and customers, have actioned a plan to successfully mitigate our identified direct exposure. Here, our global footprint provides us with excellent operational agility including the ability to rebalance production quickly and efficiently.

Despite the challenges posed by tariffs, the combination of strong underlying demand for new aircraft and a supply chain that continues to hold back OEM build rates, means order backlogs remain at record levels, stretching well into the 2030s. In June, Airbus reconfirmed its target to increase production rates on the A320 to 75 per month by 2027 from 50 today. And on the 737MAX, Boeing reached its target of 38 in May and is working with the FAA to increase its monthly cap to 42 with a future goal of 47 plus. In the longer-term, the substantial backlogs will support our expected future business growth.

While overall demand for air travel remains high with growth in engine flight hours of 6% in the first half, driven by strong widebody and international traffic, recent policy shifts in the US have slightly dampened growth expectations. In their latest Global Outlook for Air Transport, IATA reduced its forecast growth for air passenger traffic for 2025 from 8% to 5.8%, citing a tapering of the recovery in the global economy and lower air traffic growth in the US. Despite this, the dynamic of constrained build rates and record order backlogs continues to force airlines to maximise load factors and fleet utilisation which in turn is fuelling aftermarket and driving our Engines division. Furthermore, as existing aircraft fly for longer, this will require additional engine shop visits for mature engines.

During the Period, we have continued to work closely with Pratt & Whitney and other partners to manage the previously announced powder metal issues on the GTF, and significant progress has been made in line with Pratt & Whitney's global fleet management plan. The ongoing block D upgrades together with the entry into service of the GTF Advantage (which was certified by the FAA in February) will further improve fuel consumption and durability. The GTF is an excellent engine supporting the A320neo family, the A220 and the Embraer E2 regional jet. The projected fleet size is expected to be three times that of the V2500 (by the mid 2030's) and will therefore be a key driver of our growth for many years to come, particularly given our relative shares on the V2500 and GTF of 2% to 5% and 4 to 7% respectively.

## **DIFFERENTIATED TECHNOLOGY**

During the Period, we continued our focus on advancement of next generation technologies. Our role here is broad-based as we are shaping future propulsion through Engines and making aircraft lighter and with less drag through Structures. In both these areas we are also reducing the impact of today's manufacturing on the environment.

Our additive fabrication technologies continue to progress, with the world's first major structural component, the Fan Case Mount Ring component of the GTF PW1500G engine for Pratt & Whitney, demonstrating around 40% material waste reduction per part compared to traditional manufacturing methods. This marks the first of many planned technology insertions being developed with Pratt & Whitney, GE Aerospace and Rolls-Royce, as we combine our design leadership role with world leading additive capabilities.

As part of the ASCEND consortium programme, we developed advanced cost-effective composite materials and processes for lightweight structures. We also launched a new R&D consortium (ASPIRE) on the next generation of composite wings and flaps structures.

We delivered the first high voltage electrical wire harnesses for the EU-supported SWITCH consortium project, dedicated to advancing hybrid-electric aircraft. In our aftermarket services, the extension of our repairs contract with Pratt & Whitney, demonstrates our continued commitment to improving aircraft lifecycle and circularity.

Development of hydrogen capabilities underwent some important changes, as we focussed our portfolio on the areas where we can add most value, recognising also some important changes to the market's development timelines. UK and Dutch governments signed a collaborative MoU, securing continued partnership towards achieving hydrogen enabled aviation, which will continue through a revised scope of our H2FLIGHT program in the UK and a new Airbus led ICEFLIGHT initiative.

We remain well on track with our climate related sustainability targets, including the launch of a business-wide supplier engagement programme, encouraging suppliers to set science-based targets. Our commitment to meeting our social targets continued, with continued investment in skills development, with work ongoing to promote greater diversity and inclusion.

## **DISCIPLINED CAPITAL ALLOCATION AND ACCELERATING CASH GENERATION**

We are entering a sustained period of significant cash generation. The improvement in free cash flow in the first half versus the comparative period, our leading positions and positive momentum provide confidence that we will deliver a step change in cash flow for many years ahead.

Against this backdrop, we have a clear capital allocation framework.

Our first priority is to invest in the business to drive organic growth through capacity expansions and automation to deliver the Civil and Defence ramp and targeted expansion opportunities which should generate an IRR >20%. In Structures, we are taking a capital-light approach which will be primarily customer-funded with surplus cash generated reinvested into Engines. In Engines, we are deploying capital in our unique additive fabrication technology. Second, is our commitment to maintaining a sustained increase in the ordinary dividend and finally, we will look to return excess capital to shareholders through share buybacks.

Alongside these priorities, we will maintain a strong balance sheet with a target leverage ratio of between 1.5x to 2x, with investment grade metrics being targeted over time.

The Board has declared an interim dividend for 2025 of 2.4 pence per share, up 20%, which will be paid on 15 September 2025 to shareholders on the register at the close of business on 15 August 2025.

At the end of the Period, we had completed £91 million of our £250 million 18-month share buyback and

remain on track to complete this by March 2026.

## BOARD CHANGES

The Melrose Board is continuing to evolve to align with our strategy as a long-term aerospace and defence technology business and during the first half, there were two appointments.

Further to his appointment as Non-executive Director and Chair designate on 1 October 2024, on 30 March 2025, Chris Grigg took over as Non-executive Chairman of the Board. Chris is a seasoned FTSE 100 executive and non-executive, including in the aerospace and defence sector as former Non-executive Director and Senior Independent Director of BAE Systems. Over the past few months, in his role as Chairman, Chris has already engaged with a number of our top shareholders.

On 19 May 2025, Alison Goligher was appointed to the Board as Non-executive Director and Chair of the Remuneration Committee. Alison is currently non-executive director of United Utilities Group PLC, where she has served on the board since August 2016. Alison was previously non-executive director at Meggitt PLC, the leading global aerospace and defence business, from 2014 until 2022 where she served as Chair of the remuneration committee and senior independent director.

## OUTLOOK

The Group is well placed to deliver further progress over the remainder of 2025. Since our full year results in March, sterling has strengthened against the US dollar and so we have updated our Income Statement guidance to reflect an average exchange rate across 2025 of 1.335 versus 1.25 in our original guidance. Our free cash flow guidance is unchanged.

### Guidance for 2025

Income Statement	Updated (million)
<b>Revenue:</b>	
Engines	£1,525 - £1,575
Structures	£1,900 - £2,000
<b>Group</b>	<b>£3,425 - £3,575</b>
<b>Adjusted operating profit</b>	
Engines	£490 - £510
Structures	£160 - £170
PLC costs	(£30)
<b>Group</b>	<b>£620-£650</b>
<b>Free cash flow</b>	£100+ (maintained)

### Five-year targets

In March, we set out medium-term targets to deliver significant growth in revenue, profit and cash flow underpinned by our clear growth strategy which are unchanged:

- Group revenue of £5.0 billion in 2029, reflecting high single digit CAGR based on: current customer build rate assumptions being met by 2029; and industry flying hours forecasts; and FX at US 1.25
- Adjusted operating profit of £1.2 billion+ at Group level (post-PLC costs) at a margin of 24%+, including c.£500 million of variable consideration; adjusted diluted EPS CAGR of >20%
- Group free cash flow of £600 million (after interest and tax) to be generated in 2029, driven by adjusted operating profit growth, maturing portfolio of 19 RRSPs, the resolution of the GTF powder metal issue, the completion of restructuring and ongoing business improvements
- Leverage to remain below 2x during the period, with increasing headroom providing capital allocation optionality, including potential future share buybacks.

## DIVISIONAL REVIEWS

### ENGINES

#### A strong first half performance

	H1 2025	H1 2024	Growth
<b>Engines adjusted results</b>	<b>£m</b>	<b>£m</b>	
Revenue	781	720	11%
Operating profit	261	212	26%
Operating profit margin	33.4%	29.4%	+400bps

Our industry-leading Engines division is a trusted technology partner to all global engine manufacturers, with differentiated products helping power around 90% of the world's major aircraft. The business is well diversified, across both civil and defence and original equipment and aftermarket. Its technology leadership, particularly in additive fabrication, has earned it a unique position on both next-generation engine development programmes. Engines' revenue is well balanced across four core business models: long-term risk and revenue sharing partnerships (RRSPs); non-RRSP commercial contracts; repair; and government partnerships.

The Engines division delivered a strong performance in the first half. Revenue grew 11% to £781 million with growth in OE and the aftermarket of 7% and 15% respectively. OE growth reflects good growth in widebody engines, a higher spare engine ratio on the GTF and a better performance from our military ducts business. This was partially offset by lower Swedish military government partnership revenue against a tough comparator.

Aftermarket growth was powered by our RRSP portfolio where revenue grew by 25%. Within this, variable consideration at £182 million was up 17%, demonstrating the strength of the non-variable consideration RRSP portfolio. Aftermarket revenue from governmental was lower than the strong comparative period. Repairs revenue was flat in the period due to initial tariff uncertainty which reduced international repairs' imports into our US facility. Having implemented a Temporary Importation under Bond process to restore product flow, we remain positive about the outlook for our repairs business, supported by the sustained activity of the legacy fleet and the ongoing ramp-up in the GTF aftermarket. Adjusted operating profit increased 26% to £261 million with adjusted operating profit margin of 33.4%, representing an increase of 400bps on the prior period.

While we have seen some improvement in certain parts of the supply chain, Engines continued to navigate a challenging operating environment in the first half, including the constrained supply of forgings and castings. In common with the wider aerospace and defence industry, the imposition of trade restrictions in the form of US tariffs introduced additional operational complexity in the Period. Against this backdrop, our focus has been to work closely with all stakeholders to maintain production and the supply of our components while using available mechanisms to mitigate the impact of tariffs. Throughout the second half, we will continue to manage the supply environment with ongoing focus on supplier development and performance while adapting to potential changes in the operational environment.

In the first half, the division delivered continued commercial success. Demand for our additive fabrication capabilities continued to grow, with new orders signed and multiple new requests from OEM customers, building on our long-term contracts with both Pratt & Whitney and GE Aerospace. In June, we announced excellent progress on the Fan Case Mount Ring with the transition from initial production phase to 100% serial production by end of 2025. Shortly after the period-end, we announced an agreement with ArianeGroup to supply several mission-critical components for the Ariane 6 launch vehicle. The agreement builds on a decades-long partnership and includes the supply of turbines and nozzle extensions on the Vulcain 2.1 engine, with the space market acting as a vital technology driver for our commercial business. We continue to invest in our global footprint including the installation of further additive fabrication cells in the US and a new cell at our facility in Kongsberg, Norway. This will increase capacity and accelerate full rate production.

Our high-quality engine repair solutions business secured further contracts from existing OEMs, including a five-year contract extension with Pratt & Whitney to deliver high quality repairs for critical fan blades, and a three-year defence contract for fan blade repairs for Boeing on the C-17 Globemaster. In terms of new capabilities, from a standing start in 2021, our site in Malaysia has successfully industrialised 40 repairs processes for eight key components of the PW1500/1900 engine. Our rapid repair turnaround time and global footprint continue to drive customer demand for this exciting growth area.

We continued to deepen our relationship with the Swedish Defence Administration (FMV), broadening the scope of our relationship with investment in engine assembly, test and MRO repair capabilities for the RM16 engine which powers the Gripen E fighter. The move by certain countries to adopt mixed fighter-jet fleets is also driving strong interest in the Gripen programme, including the Philippines, India and Finland.

Operationally, the implementation of our 'Brilliant Basics' lean approach continued to drive improvements

Operationally, the implementation of our 'Engineer Basics' lean approach continued to drive improvements across quality, delivery and safety. Employee safety incidents were 7% lower than the same period in 2024, while quality 'escapes' were significantly down reducing by 75%. The digitalisation of Engines sites also helped drive a significant increase in productivity across the division. Our focus on creating a positive work environment meant that we recorded increased employee engagement scores for the fifth successive year.

Looking further ahead, on the technology side, Engines is the only strategic partner on both future engine development programmes: the CFMI RISE and Pratt & Whitney's next-generation GTF. Within RISE, our work is focused on additive fabrication capability, while our core input in the future GTF is around our leadership in complex load-bearing structures. During the Period we continued to support work on these programmes including partner demand for more components.

In the past twelve months, Engines has achieved several key additive certification and technology milestones. These include FAA approval for its first additively fabricated critical structural component and successful delivery of its largest ever all-additive component: a large-scale, titanium engine case for the CFMI RISE technology demonstrator. Produced using fully automated direct energy deposition, the structure met casting-quality standards and demonstrated the full design and build potential of large-scale additive fabrication.

## OUTLOOK

Engines is a high-performing business, with exceptional potential. Our proprietary technology, enviable customer partnerships, diverse RRSP portfolio, and unique position within future engine programmes provides the springboard for long-term structural growth.

For the full year, we expect the division to deliver revenue of £1,525 to £1,575 million and adjusted operating profit of £490 million to £510 million (using a full year rate of 1.335). In line with seasonal trends, Engines margins are expected to be lower in the second half with our guidance for the full year of 32%+ remaining intact.

Over the medium-term the division is set to deliver significant growth, with high single digit revenue CAGR between 2024 and 2029 and adjusted operating margin in the mid to high 30s in 2029.

## STRUCTURES

### Growth in defence and strong margin progression

Structures adjusted results	H1 2025 £m	H1 2024 £m	Growth <sup>1</sup>
Revenue	939	1,022	3%
Operating profit	63	48	32%
Operating profit margin	6.7%	4.7%	200bps

<sup>1</sup> Revenue growth in H1 2025 on a like-for-like basis excluding exited businesses

Our Structures division is a design-to-build partner on the world's most successful and highest volume aircraft. It is also well positioned as partner of choice for next-generation and emerging platforms. With strong underlying dynamics in both the civil and defence markets, our focus is on delivering ongoing production ramp-ups and actions to drive margin expansion, improving quality of earnings and strong cash flow.

The outlook remains positive, underpinned by record level of backlogs for new aircraft and the increase in global defence spending. In the short-term however, the division has faced the dual challenges of OEM production rate variability, plus increased supply chain complexity caused by the imposition of US tariffs. Throughout the first half, the business has worked closely with our customers and partners to mitigate the impact of these challenges while ensuring the maintenance of planned production and installed capability throughout the supply chain.

Structures revenue was 3% higher at £939 million on a like-for-like basis. The division delivered good revenue growth in Defence, up 10%, driven by programme ramps and improved commercial terms reflecting the work we have done to enhance the portfolio. Revenue in Civil was in line year on year, with growth in business jets and narrowbody offset by widebody and other platforms. Adjusted operating profit was significantly higher, up 32% at £63 million. Operating profit margin of 6.7% was 200bps above the comparative period, reflecting the read through of the benefits associated with restructuring, portfolio rationalisation and business improvement actions. The division remains firmly on track to achieve its target of around 9% adjusted operating margin in 2025.

During the Period, our Structures business made good commercial progress with several new contract wins. In Civil, we signed an agreement with Archer to further expand engagement in the 'Midnight' platform to cover both Electrical systems and Wing Structure. The partnership supports Archer's production ramp phase and reinforces both companies' commitment to advancing sustainable aviation. In Defence, we signed a five-year follow-on contract with Lockheed Martin for continued manufacture of C-130J nacelles through to the end of 2029. We also signed a six-year follow-on contract with BAE Systems for continued manufacture of Typhoon canopies through to the end of 2030. Defence continued to sustainably reprice its portfolio with a number of contracts reset during the Period and we have already exceeded our end of year target to have 85% of the portfolio sustainably priced.

We are now in the final stages of our restructuring programme which comprises the payment of final closure costs. The multi-year programme, which will end in 2025, has materially optimised and streamlined our global footprint through the exit of non-core, and in some cases loss making business, and represents a key driver of margin expansion for the division.

Operationally, steps were also taken to further enhance Structures' manufacturing footprint. This included



the establishment of EWWIS capability at our Mexico facility which successfully progressed through first article approvals with Airbus. Inward investment continued in our machining and inspection capabilities for single aisle at our Filton site, to deliver incremental rate readiness and systemic productivity improvements. Our 'Learning Centre' in Filton opened as a fully accessible centre to support vocational and academic development for early careers to help secure the necessary skills to deliver the expected ramp in OEM build rates. This facility complements the training and technology development focus at the Global Technology Centre, also located in the Filton, Bristol area.

The deployment of our 'Brilliant Basics' lean operating model continued to drive operational improvements more broadly across the division. Quality escapes reaching customers reduced by 13% compared to the first half of 2024, with the cost of poor quality down by 9% (excluding exited sites). Employee safety incidents were 50% lower than the same period in 2024. These metrics reflect excellent progress in our top priority areas of safety and quality.

We made good progress enhancing our proprietary technology during the first half. In Civil, we continued as a partner on Airbus' Sustainable Wings (SusWings) project, the successor to the Wing of Tomorrow programme. In parallel we launched the ASPIRE technology collaboration, to further explore composite structures for the next generation of wings with complex architecture. We also partnered with Airbus on the ICEFlight programme, partly funded by Dutch Government, to develop the use of cryogenics for more sustainable aircraft.

In Defence, we are working closely with our partners and defence agencies on a number of new sovereign defence programmes in the UK, EU and US with a particular focus on Europe given the step change in spending commitments and our strong footprint in the region. These comprise work on next generation transparencies and advanced airframes for future military platforms, including uncrewed aircraft. These developments across our proprietary technology portfolio are fully aligned with our strategy and will underpin our long-term growth.

## OUTLOOK

Structures is a design-led business with established technology positions on all the world's leading aircraft. It has strong growth potential underpinned by record order backlogs and production ramp-ups, albeit currently constrained by supply chain issues and a challenging operating environment. We have the momentum to deliver further progress in the second half as business improvement actions and the impact of repricing in defence continues to read through.

For the full year, we expect the division to deliver revenue of £1,900 to £2,000 million and adjusted operating profit of £160 million to £170 million (using a full year rate of 1.335).

Over the medium-term the division is set to deliver significant growth with high mid-single digit revenue CAGR between 2024 and 2029 and adjusted operating margin in the low teens in 2029.



Peter Dilnot  
Chief Executive Officer  
1 August 2025

## CHIEF FINANCIAL OFFICER'S REVIEW

### MELROSE GROUP RESULTS

#### *Statutory results:*

The statutory IFRS results are shown on the face of the Income Statement and show revenue of £1,720 million (2024: £1,742 million), an operating profit of £441 million (2024: loss of £62 million) and a profit before tax of £379 million (2024: loss of £105 million). The diluted earnings per share ("EPS"), calculated using the diluted weighted average number of shares during the Period, were 22.2 pence (2024: loss of 6.1 pence).

#### *Adjusted results:*

The adjusted results exclude certain items which are significant in size or volatility or by nature are non-trading or non-recurring, or any net changes in fair value items booked on an acquisition. It is the Group's accounting policy to exclude these items from the adjusted results, which are used as an Alternative

Performance Measure ("APM") as described by the European Securities and Markets Authority ("ESMA"). APMs used by the Group are defined in the glossary to the Condensed Consolidated Interim Financial Statements.

The Melrose Board considers the adjusted results to be an important measure used to monitor how the business is performing as they achieve consistency and comparability between reporting periods when all businesses are held for the complete reporting period.

The adjusted results for the Period show revenue of £1,720 million (2024: £1,742 million), an operating profit of £310 million (2024: £247 million) and a profit before tax of £248 million (2024: £204 million). Adjusted diluted EPS, calculated using the diluted weighted average number of shares in the Period of 1,283 million (2024: 1,346 million), were 15.1 pence (2024: 11.9 pence).

The following tables shows the adjusted results for the Period split by reporting segment:

	<b>Engines</b>	<b>Structures</b>	<b>Aerospace</b>	<b>Corporate</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Revenue	781	939	1,720	-	1,720
Operating profit/(loss)	261	63	324	(14)	310
Operating margin	33.4%	6.7%	18.8%	n/a	18.0%

Revenue for Engines of £781 million (2024: £720 million) shows constant currency growth of 11% over 2024, with operating profit of £261 million (2024: £212 million) giving an operating margin of 33.4% (2024: 29.4%), an increase of 4.0 percentage points.

Revenue for Structures of £939 million (2024: £1,022 million) shows like-for-like constant currency growth of 3% over 2024, (or a 7% reduction including businesses exited during 2024), with operating profit of £63 million (2024: £48 million) giving an operating margin of 6.7% (2024: 4.7%), an increase of 2.0 percentage points.

Corporate costs were £14 million (2024: £13 million) including costs of long-term incentives of £1 million (2024: £nil).

Tables summarising the reconciliation of statutory results to adjusted results by reportable segment are shown in note 3 of the Condensed Consolidated Interim Financial Statements, with a Group table shown below.

## RECONCILIATION OF STATUTORY RESULTS TO ADJUSTED RESULTS

The following table reconciles the Group statutory operating profit/(loss) to adjusted operating profit:

	<b>2025</b>	<b>2024</b>
	<b>£m</b>	<b>£m</b>
Continuing operations:		
<b>Statutory operating profit/(loss)</b>	<b>441</b>	<b>(62)</b>
<i>Adjusting items:</i>		
Amortisation of intangible assets acquired in business combinations	127	128
Restructuring costs	12	70
(Gains)/losses in derivatives and associated financial assets and liabilities	(267)	51
Net changes in fair value items	(3)	8
Acquisition and disposal related gains and losses	-	38
Equity-settled compensation scheme charges	-	14
<b>Adjustments to statutory operating profit/(loss)</b>	<b>(131)</b>	<b>309</b>
<b>Adjusted operating profit</b>	<b>310</b>	<b>247</b>

Adjusting items to the statutory operating profit/(loss) are consistent with prior periods and include:

- The amortisation charge on intangible assets acquired in business combinations of £127 million (2024: £128 million), which is excluded from adjusted results due to its non-trading nature and to enable comparison with companies that grow organically. However, where intangible assets are trading in nature, such as computer software and development costs, the amortisation is not

trading in nature, such as computer software and development costs, and amortisation is not excluded from adjusted results.

- Costs associated with significant restructuring projects in the Period which totalled £12 million (2024: £70 million). These are shown as adjusting items due to their size and non-trading nature and include a charge of £10 million (2024: £48 million) relating to the finalisation of significant restructuring projects across sites in the Engines and Structures divisions in Europe and North America. These projects are substantially complete after a cumulative charge since commencement of £291 million (31 December 2024: £281 million).

As at 30 June 2025, £6 million is included in restructuring provisions in relation to the multi-year programmes to be settled in cash over the next six months.

- Movements in the fair value of derivative financial instruments (primarily forward foreign currency exchange contracts), where hedge accounting is not applied, along with foreign exchange movements on the associated financial assets and liabilities, entered into within the businesses to mitigate the potential volatility of future cash flows on long-term foreign currency customer and supplier contracts. This totalled a credit of £267 million (2024: charge of £51 million) in the Period and is shown as an adjusting item because of its volatility and size.
- The net changes in fair value items which totalled a credit of £3 million (2024: charge of £8 million) and are shown as an adjusting item due their size and volatility.
- Acquisition and disposal related gains and losses of £nil (2024: loss of £38 million).
- Charges for the Melrose equity-settled Employee Share Plan which matured in 2024 of £nil (2024: £14 million). This was excluded from adjusted results due to its size and volatility.

## TAX

The statutory results for the Period show a tax charge of £94 million (2024: credit of £25 million), arising on a statutory profit before tax of £379 million (2024: loss before tax of £105 million). The effective tax rate on adjusted profit before tax is 21.8% (2024: 21.6%). During the Period, the Group paid tax of £11 million (2024: £10 million).

## CASH GENERATION AND MANAGEMENT

Adjusted free cash flow for the Period was an outflow of £37 million (2024: £60 million), after net interest and tax spend of £64 million (2024: £46 million), but before restructuring spend of £17 million (2024: £85 million).

An analysis of free cash flow is shown in the table below:

	2025 £m	2024 £m
<b>Continuing operations:</b>		
Adjusted operating profit	310	247
Depreciation and amortisation	67	72
		(19)
Lease obligation payments	(17)	
Positive non-cash impact from loss-making contracts	(5)	(16)
Working capital movements:		
Inventory	(85)	(98)
Receivables and payables	30	34
Unbilled work done	(219)	(166)
<b>Adjusted operating cash flow</b>	<b>81</b>	<b>54</b>
Net capital expenditure	(50)	(57)
Defined benefit pension contributions	(2)	(2)
Restructuring	(17)	(85)
Net other	(2)	(9)
<b>Free cash flow pre-interest and tax</b>	<b>10</b>	<b>(99)</b>
Net interest and net tax paid	(64)	(46)
<b>Free cash flow</b>	<b>(54)</b>	<b>(145)</b>
Adjusted free cash flow	(37)	(60)

During the Period working capital, excluding unbilled work done, increased due to the normal seasonal pattern and supply chain challenges. Non-recourse factoring utilisation was £340 million (31 December 2024: £338 million).

Unbilled work done, excluding exchange adjustments, has increased by £219 million. This includes net changes in variable consideration of £182 million and £37 million of obligations settled in connection with powder metal issues on certain Pratt & Whitney engines.

Net capital expenditure in the Period was £50 million (2024: £57 million) and represented 1.0x (2024: 1.0x) depreciation of owned assets.

Restructuring spend in the Period reduced as planned to £17 million (2024: £85 million).

The net interest paid in the Period was £53 million (2024: £36 million), net tax payments were £11 million (2024: £10 million) and contributions to defined benefit pension schemes were £2 million (2024: £2 million). The movement in net debt is summarised as follows:

	£m
<b>Opening net debt</b>	<b>(1,321)</b>
Free cash flow	(54)
Net cash flow from acquisitions and disposals	4
Amounts paid to shareholders	(122)
Other	(5)
FX and other non-cash movements	94
<b>Net debt at 30 June 2025 at closing exchange rates</b>	<b>(1,404)</b>

Group net debt at 30 June 2025, translated at closing exchange rates (being US 1.37 and €1.17), was £1,404 million (31 December 2024: £1,321 million), after a free cash outflow of £54 million, described above. Movement in Group net debt also included the payment of the 2024 final dividend of £51 million, £71 million spent buying back 14,180,323 shares in the market and a net £4 million cash inflow from acquisitions and disposals. There were also net favourable foreign exchange movements of £97 million offset by other non-cash movements of £3 million.

Group leverage at 30 June 2025 was 2.0x EBITDA (31 December 2024: 1.9x EBITDA). Interest cover at 30 June 2025 was 6.8x (31 December 2024: 7.4x).

## PROVISIONS

Total provisions at 30 June 2025 were £165 million (31 December 2024: £184 million).

The following table details the movement in provisions in the Period:

	Total £m
<b>Provisions at 1 January 2025</b>	<b>184</b>
Net charge in the Period	21
Spend against provisions	(26)
Utilisation of loss-making contract provision	(5)
Foreign exchange	(9)
<b>Provisions at 30 June 2025</b>	<b>165</b>

The net charge to the Income Statement in the Period was £21 million (2024: £84 million), including £11 million (2024: £55 million) relating to restructuring activities. This is shown as an adjusting item and is included in the adjusting items section discussed earlier in this review.

During the Period, £5 million (2024: £16 million) was utilised against loss-making contract provisions and £26 million (2024: £101 million) of cash was spent against other provisions including £17 million (2024: £85 million) relating to restructuring activities.

## PENSIONS AND POST-EMPLOYMENT OBLIGATIONS

Melrose operates a number of defined benefit pension schemes and retiree medical plans across the Group. The values of the Group plans were updated at 30 June 2025 by independent actuaries to reflect the latest key assumptions and are summarised as follows:

	Assets £m	Liabilities £m	Accounting deficit £m
UK Plans	936	(959)	(23)
US Plans	28	(49)	(21)
Other Plans	-	(8)	(8)
Total Group pension schemes	964	(1,016)	(52)

At 30 June 2025, the total plan assets of defined benefit pension plans have reduced to £964 million (31 December 2024: £986 million) and total plan liabilities to £1,016 million (31 December 2024: £1,045 million), a net deficit of £52 million (31 December 2024: £59 million).

The GKN UK Group Pension Schemes (Numbers 1 and 4), included above within UK plans, are the most significant pension plans remaining in the Group and are closed to new members and to the accrual of future benefits for current members.

During the year ended 31 December 2023, the Group commenced a process to buy-out the GKN UK Group Pension Scheme Number 4, which is expected to complete in 2025, when the scheme assets and liabilities will leave the Group and cease being shown on the Group's Balance Sheet.

At 30 June 2025, the GKN UK Group Pension Scheme Number 1 had gross assets of £567 million (31 December 2024: £577 million), gross liabilities of £584 million (31 December 2024: £599 million) and a net deficit of £17 million (31 December 2024: £22 million).

Other pension schemes in the Group include US pension plans which are generally funded schemes and closed to new members. At 30 June 2025, these US pension plans had a net deficit of £21 million (31 December 2024: £23 million).

A summary of the assumptions used are shown in note 11 to the Condensed Consolidated Interim Financial Statements.

## FINANCIAL RISKS AND UNCERTAINTIES

The principal financial risks and uncertainties faced by the Group include liquidity risk, finance cost risk, exchange rate risk, contract and warranty risk and commodity cost risk. The nature of these risks in relation to the Group are explained in detail on pages 30 to 32 of the 2024 Annual Report, a copy of which is available on the Company's website, [www.melroseplc.net](http://www.melroseplc.net).

Further explanations and details of the strategic risk profile of the Group, which includes non-financial risk, are set out on pages 34 to 44 of the 2024 Annual Report.

## EXCHANGE RATES USED IN THE PERIOD

Exchange rates used for currencies most relevant to the Group in the Period were:

	Average rate	Closing Rate
<b>US Dollar</b>		
Six months to 30 June 2025	1.30	1.37
Twelve months to 31 December 2024	1.28	1.25
Six months to 30 June 2024	1.26	1.26
<b>Euro</b>		
Six months to 30 June 2025	1.19	1.17
Twelve months to 31 December 2024	1.18	1.21
Six months to 30 June 2024	1.17	1.18

The Group policy on exchange rate risk is explained on page 31 of the 2024 Annual Report.

The following table shows an indication of a full year impact of a 10 percent strengthening of the US Dollar and the Euro, if they were to strengthen in isolation against all other currencies, on the re-translation of adjusted operating profit into Sterling:

	USD	EUR
Increase in adjusted operating profit - £ million	59	5
% impact on adjusted operating profit	9%	1%

In the first half of the year, the Group incurred a 3% translational foreign exchange loss on adjusted operating profit compared to the same period last year.

The impact from transactional foreign exchange exposures is not material in the short-term due to hedge coverage being approximately 90%.

The Group utilises its multi-currency banking facility to maintain an appropriate mix of debt in US Dollars, Euros and Sterling. The hedge of having debt drawn in US Dollars and Euros protects against some of the Balance Sheet and banking covenant foreign exchange translation risk. A 10 percent strengthening in either the US Dollar or Euro would have had the following impact on gross debt as at 30 June 2025:

	USD	EUR
Increase in gross debt - £ million	115	31
% impact on gross debt	8%	2%

## LIQUIDITY RISK MANAGEMENT

The Group's net debt position at 30 June 2025 was £1,404 million (31 December 2024: £1,321 million). At December 2024, the Group had committed multi-currency term loans and revolving credit facilities of US 1,639 million, €400 million and £300 million. During the Period, the Group arranged additional committed facilities of €355 million maturing in January 2027, and facilities of US 70 million and £50 million maturing in January 2026. Additionally US 29 million of revolving credit facilities were not replaced.

A summary of the Group's committed bank facilities, drawings and headroom are shown in the table below.

	Local currency			£m
	Size	Drawn	Headroom	Headroom
Term loans:				
USD	549	549	-	-
EUR	280	280	-	-
Revolving credit facilities:				
USD	1,131	1,042	89	65
GBP	350	54	296	296
EUR	475	88	387	332
<b>Total (GBP)</b>	<b>2,223</b>	<b>1,530</b>		<b>693</b>

As at 30 June 2025, the term loans were fully drawn and there was £889 million of drawings across the revolving credit facilities. Applying the exchange rates at 30 June 2025 headroom was £693 million.

In addition to the headroom across the revolving credit facilities, at 30 June 2025 cash, deposits and marketable securities, net of overdrafts, in the Group amounted to £121 million (31 December 2024: £80 million), whilst there were no drawings on uncommitted borrowing facilities (31 December 2024: £nil).

The committed bank funding has two financial covenants, being a net debt to adjusted EBITDA covenant ('banking covenant leverage') and an interest cover covenant, both of which are tested half-yearly in June and December.

The banking covenant leverage test level is set at 3.5x. At 30 June 2025, the Group banking covenant leverage was 2.1x, affording comfortable headroom.

The interest cover test is set at 4.0x. At 30 June 2025 the Group interest cover was 6.8x, again showing comfortable headroom compared to the covenant test.

## **FINANCE COST RISK MANAGEMENT**

The Group uses financial derivatives to fix a portion of the cost of its floating rate borrowings. The combination of these items as well as borrowings on the Group's bank facilities is expected to result in the cost of drawn debt for the year to be approximately 5.4%.

## **GOING CONCERN**

As part of their consideration of going concern, the Directors have reviewed the Group's future cash forecasts and projections, which are based on market and internal data and recent past experience.

The Group has modelled a severe but plausible downside case against these future cash forecasts and throughout this scenario, the Group has sufficient headroom to avoid breaching any of its financial covenants and would not require any additional sources of financing.

The Directors recognise the challenges in the current economic environment, including challenges in supply chains and the Group is actively managing the associated impacts on trading through a sharp focus on pricing, productivity and costs.

The macroeconomic environment remains uncertain and volatile and the impacts of the economic factors discussed above could be more prolonged or severe than that which the Directors have considered in the Group's severe but plausible downside case.

However, the Group's current committed bank facility headroom, its access to liquidity, and the level of bank covenants in place with lending banks, allow the Directors to consider it appropriate that the Group can manage its business risks successfully and adopt a going concern basis in preparing these Condensed Consolidated Interim Financial Statements.



Matthew Gregory  
Chief Financial Officer  
1 August 2025

## **CAUTIONARY STATEMENT**

This announcement contains forward-looking statements. These statements are made in good faith based on the information available up to the time of the approval of this announcement, and should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information. Accordingly, readers are cautioned not to place undue reliance on any such forward-looking statements. Subject to compliance with applicable laws and regulations, the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this announcement. This announcement has been prepared solely to provide information to shareholders to assess the Company's strategies and the potential for those strategies to succeed, and neither the Company nor its directors accept any liability to

potential for those strategies to succeed, and neither the Company nor its directors accept any liability to any other person save as would arise under English law.

## **NO OFFER OF SECURITIES**

Nothing in this announcement constitutes an offer of securities for sale in the U.S. Securities may not be sold in the U.S. absent registration or an exemption from registration.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

We, the directors of the Company, confirm to the best of our knowledge:

1. the condensed financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the UK;
2. the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events and their impact during the first six months, and description of principal risks and uncertainties for the remaining six months of the financial year); and
3. the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

Details of the directors of the Company are available on our website at <https://www.melroseplc.net/governance/board-leadership/>.

By order of the Board



Chief Executive Officer  
1 August 2025



Peter Dilnot

Chief Financial Officer  
1 August 2025

Matthew Gregory

## **Independent review report to Melrose Industries PLC**

### **Report on the condensed consolidated interim financial statements**

#### **Our conclusion**

We have reviewed Melrose Industries PLC's condensed consolidated interim financial statements (the "interim financial statements") in the Unaudited Results of Melrose Industries PLC for the 6 month period ended 30 June 2025 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the condensed consolidated balance sheet as at 30 June 2025;
- the condensed consolidated income statement and the condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated statement of cash flows for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Unaudited Results of Melrose Industries PLC have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's



### Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Unaudited Results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

### Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

## Responsibilities for the interim financial statements and the review

### Our responsibilities and those of the directors

The Unaudited Results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Unaudited Results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Unaudited Results, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Unaudited Results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



PricewaterhouseCoopers LLP  
Chartered Accountants  
London  
1 August 2025

### Melrose Industries PLC

#### Condensed Consolidated Income Statement

		6 months ended 30 June 2025 Unaudited £m	6 months ended 30 June 2024 Unaudited £m	Year ended 31 December 2024 Audited £m
<b>Continuing operations</b>	Notes			
Revenue	3	1,720	1,742	3,468
Cost of sales		(1,266)	(1,338)	(2,646)
Gross profit		454	404	822
Operating expenses		(13)	(466)	(826)
Operating profit/(loss)	3,4	441	(62)	(4)
Finance costs		(62)	(45)	(105)
Finance income		-	2	3
Profit/(loss) before tax	-	379	(105)	(106)

Tax	5	(94)	25	57
<b>Profit/(loss) after tax for the period attributable to owners of the parent</b>		<b>285</b>	<b>(80)</b>	<b>(49)</b>
<b>Earnings per share</b>				
- Basic	6	<b>22.3p</b>	(6.1)p	(3.7)p
- Diluted	6	<b>22.2p</b>	(6.1)p	(3.7)p
<b>Adjusted<sup>(1)</sup> results</b>				
Adjusted operating profit	3,4	<b>310</b>	247	540
Adjusted profit before tax	4	<b>248</b>	204	438
Adjusted profit after tax	4	<b>194</b>	160	350
Adjusted basic earnings per share	6	<b>15.2p</b>	12.1p	26.8p
Adjusted diluted earnings per share	6	<b>15.1p</b>	11.9p	26.4p

(1) Defined in the summary of material accounting policies (see note 2).

## Melrose Industries PLC

### Condensed Consolidated Statement of Comprehensive Income

	Notes	6 months ended 30 June 2025 Unaudited £m	6 months ended 30 June 2024 Unaudited £m	Year ended 31 December 2024 Audited £m
<b>Profit/(loss) after tax for the period</b>		<b>285</b>	<b>(80)</b>	<b>(49)</b>
<b>Items that will not be reclassified subsequently to the Income Statement:</b>				
Net remeasurement gain on retirement benefit obligations		<b>6</b>	12	27
Fair value gain/(loss) on investments in equity instruments		<b>4</b>	3	(47)
Income tax charge relating to items that will not be reclassified	5	<b>(1)</b>	(3)	(4)
		<b>9</b>	12	(24)
<b>Items that may be reclassified subsequently to the Income Statement:</b>				
Currency translation (loss)/gain on net investments		<b>(164)</b>	16	17
Transfer to Income Statement from equity of cumulative translation differences on disposal of foreign operations		-	(6)	(6)
Derivative (losses)/gains on hedge relationships		<b>(14)</b>	4	3
Income tax credit/(charge) relating to items that may be reclassified	5	<b>6</b>	-	(1)
		<b>(172)</b>	14	13
<b>Other comprehensive (expense)/income for the period</b>		<b>(163)</b>	26	(11)
<b>Total comprehensive income/(expense) for the period attributable to owners of the parent</b>		<b>122</b>	<b>(54)</b>	<b>(60)</b>

## Melrose Industries PLC

### Condensed Consolidated Statement of Cash Flows

	Notes	6 months ended 30 June 2025 Unaudited £m	6 months ended 30 June 2024 Unaudited £m	Year ended 31 December 2024 Audited £m
<b>Net cash from/(used in) operating activities</b>	12	<b>8</b>	<b>(90)</b>	<b>(121)</b>
<b>Investing activities</b>				
Disposal of businesses, net of cash disposed		-	56	55
Acquisition of subsidiaries	2	<b>(5)</b>	-	-
Purchase of property, plant and equipment		<b>(46)</b>	(50)	(108)
Purchase of computer software and capitalised development costs		<b>(4)</b>	(7)	(15)
Disposal of investments	8	<b>9</b>	-	-
Equity accounted investment additions		-	-	(3)
Interest received		-	2	3
<b>Net cash (used in)/from investing activities</b>		<b>(46)</b>	1	(68)
<b>Financing activities</b>				

Repayment of borrowings		-	-	(10)
Drawings on borrowing facilities		220	512	767
Costs of raising debt finance		(1)	(3)	(3)
Repayment of principal under lease obligations		(17)	(19)	(32)
Purchase of own shares, including associated costs	7	(71)	(246)	(431)
Dividends paid to owners of the parent	7	(51)	(46)	(72)
<b>Net cash from financing activities</b>		<b>80</b>	<b>198</b>	<b>219</b>
<b>Net increase in cash and cash equivalents, net of bank overdrafts</b>		<b>42</b>	<b>109</b>	<b>30</b>
Cash and cash equivalents, net of bank overdrafts at the beginning of the period		80	57	57
Effect of foreign exchange rate changes		(1)	-	(7)
<b>Cash and cash equivalents, net of bank overdrafts at the end of the period</b>	12	<b>121</b>	<b>166</b>	<b>80</b>

As at 30 June 2025, the Group had net debt of £1,404 million (31 December 2024: £1,321 million). A definition and reconciliation of the movement in net debt is shown in note 12.

## Melrose Industries PLC

### Condensed Consolidated Balance Sheet

	Notes	30 June 2025 Unaudited £m	Restated <sup>(1)</sup> 30 June 2024 Unaudited £m	31 December 2024 Audited £m
<b>Non-current assets</b>				
Goodwill and other intangible assets		2,782	3,225	3,094
Property, plant and equipment		825	749	821
Investments		59	118	69
Interests in equity accounted investments		7	6	8
Deferred tax assets		612	569	651
Derivative financial assets		105	23	12
Other receivables		1,141	1,061	1,201
		5,531	5,751	5,856
<b>Current assets</b>				
Inventories		585	554	528
Trade and other receivables		1,047	839	949
Derivative financial assets		42	10	10
Current tax assets		1	2	5
Cash and cash equivalents		124	189	88
		1,799	1,594	1,580
<b>Total assets</b>	3	<b>7,330</b>	<b>7,345</b>	<b>7,436</b>
<b>Current liabilities</b>				
Trade and other payables		1,505	1,530	1,510
Interest-bearing loans and borrowings		53	84	8
Lease obligations	13	33	31	33
Derivative financial liabilities		19	54	72
Current tax liabilities		11	11	20
Provisions	9	90	123	108
		1,711	1,833	1,751
<b>Net current assets/(liabilities)</b>		<b>88</b>	<b>(239)</b>	<b>(171)</b>
<b>Non-current liabilities</b>				
Other payables		381	501	469
Interest-bearing loans and borrowings		1,475	1,081	1,401
Lease obligations	13	236	151	204
Derivative financial liabilities		20	77	115
Deferred tax liabilities		528	475	517
Retirement benefit obligations	11	52	90	59
Provisions	9	75	78	76
		2,767	2,453	2,841
<b>Total liabilities</b>	3	<b>4,478</b>	<b>4,286</b>	<b>4,592</b>
<b>Net assets</b>		<b>2,852</b>	<b>3,059</b>	<b>2,844</b>
<b>Equity</b>				
Issued share capital		1	309	1
Share premium account		1,000	3,271	1,000
Merger reserve		109	109	109
Capital redemption reserve		-	753	-

Other reserves	(2,330)	(2,330)	(2,330)
Translation and hedging reserve	114	287	286
Retained earnings	3,958	660	3,778
<b>Total equity attributable to owners of the parent</b>	<b>2,852</b>	<b>3,059</b>	<b>2,844</b>

(1) Inventories, trade and other receivables and trade and other payables have been restated (see note 2).

## Melrose Industries PLC

### Condensed Consolidated Statement of Changes in Equity

	Issued share capital £m	Share premium account £m	Merger reserve £m	Capital redemption reserve £m	Other reserves £m	Translation and hedging reserve £m	Retained earnings £m	Total equity attributable to owners of the parent £m
At 1 January 2024	309	3,271	109	753	(2,330)	273	1,182	3,567
Loss for the period	-	-	-	-	-	-	(80)	(80)
Other comprehensive income	-	-	-	-	-	14	12	26
Total comprehensive income/(expense)	-	-	-	-	-	14	(68)	(54)
Dividends paid (note 7)	-	-	-	-	-	-	(46)	(46)
Purchase of own shares	-	-	-	-	-	-	(257)	(257)
Equity-settled incentive scheme related (note 2)	-	-	-	-	-	-	(157)	(157)
Deferred tax on equity-settled share-based payments (note 5)	-	-	-	-	-	-	6	6
At 30 June 2024 (unaudited)	309	3,271	109	753	(2,330)	287	660	3,059
Profit for the period	-	-	-	-	-	-	31	31
Other comprehensive expense	-	-	-	-	-	(1)	(36)	(37)
Total comprehensive expense	-	-	-	-	-	(1)	(5)	(6)
Dividends paid (note 7)	-	-	-	-	-	-	(26)	(26)
Capital reduction (note 2)	(308)	(2,271)	-	(753)	-	-	3,332	-
Purchase of own shares	-	-	-	-	-	-	(192)	(192)
Equity-settled share-based payments	-	-	-	-	-	-	1	1
Deferred tax on equity-settled share-based payments	-	-	-	-	-	-	8	8
At 31 December 2024 (audited)	1	1,000	109	-	(2,330)	286	3,778	2,844
Profit for the period	-	-	-	-	-	-	285	285
Other comprehensive (expense)/income	-	-	-	-	-	(172)	9	(163)
Total comprehensive (expense)/income	-	-	-	-	-	(172)	294	122
Dividends paid (note 7)	-	-	-	-	-	-	(51)	(51)
Purchase of own shares (note 2)	-	-	-	-	-	-	(61)	(61)
Equity-settled share-based payments	-	-	-	-	-	-	1	1
Deferred tax on equity-settled share-based payments (note 5)	-	-	-	-	-	-	(3)	(3)
At 30 June 2025 (unaudited)	1	1,000	109	-	(2,330)	114	3,958	2,852

## Notes to the Condensed Consolidated Interim Financial Statements

### 1. Corporate information

The interim financial information for the six months ended 30 June 2025 has been reviewed by the auditor, but not audited. The information for the year ended 31 December 2024 shown in this report does not constitute statutory accounts for that year as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor has reported on those accounts. Their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

### 2. Summary of material accounting policies

The interim financial information for the six months ended 30 June 2025, which has been approved by the Board of Directors, has been prepared on the basis of the accounting policies set out in the Group's 2024 Annual Report on pages 174 to 184.

The Group's 2024 Annual Report can be found on the Group's website [www.melroseplc.net](http://www.melroseplc.net). These Condensed Consolidated Interim Financial Statements should be read in conjunction with the 2024 information and have been prepared in accordance with UK adopted International Accounting Standards ("IAS") and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These Condensed Consolidated Interim Financial Statements do not comprise statutory accounts within the meaning of section 435 of the Companies Act 2006 and have been prepared in accordance with IAS 34: Interim Financial Reporting.

### Capital structure

On 1 October 2024, the Group commenced a £250 million share buyback programme which is expected to complete by the end of March 2026. During the six month period ended 30 June 2025, 14,180,323 shares were purchased at an average price of 504 pence per share for a total cash consideration of £71.4 million. In addition, 1,000,000 shares were purchased at an average price of 504 pence per share for a total cash consideration of £50.4 million. The total number of shares purchased during the six month period ended 30 June 2025 was 15,180,323 shares.

a total cash consideration of £1.1 million, inclusive of costs of £nil. These are held as treasury shares and the total costs of the purchase have been recognised in retained earnings. A liability of £8 million (31 December 2024: £18 million) has also been recognised in respect of the shares expected to be purchased under the share buyback programme during the close period, as there was an irrevocable instruction to contracted financial institutions to complete purchases at 30 June 2025.

On 3 June 2024, the Melrose Employee Share Plan ("MESP") crystallised. Of the 54,346,536 shares awarded, 25,498,465 were withheld by the Company in exchange for a cash payment sufficient to allow holders to meet their income tax and employee national insurance liabilities in respect of the MESP. In accordance with IFRS 2: Share-based Payment, £157 million was recognised in retained earnings.

Following approval from shareholders on 2 May 2024, the Group undertook a capital reduction which completed on 11 July 2024. This reduced share capital by £308 million, the share premium account by £2,271 million and the capital redemption reserve by £753 million.

#### **Acquisitions**

On 13 January 2025, the Group acquired the entire share capital of TPC Components AB, a company specialising in precision-cast products based in Sweden, for consideration of £5 million.

#### **Disposals**

In the prior year, the Group disposed of its Fuel Systems business, its St. Louis operation and its Orangeburg operation. The results of the three businesses disposed were not classified within discontinued operations as they did not meet the criteria of being a major separate line of business.

#### **Prior period restatement of inventories, trade and other receivables and trade and other payables**

At the end of 2024, the Group changed its presentation of inventories, trade and other receivables and trade and other payables within the Balance Sheet. The change related to contract balances for certain programmes. The Group was previously netting certain amounts under these arrangements, however, it was determined that the appropriate current and prior year presentation should be on a gross basis in line with the requirements of IFRS 15: Revenue from Contracts with Customers. Prior period comparatives at 30 June 2024 have been restated accordingly. The impact of this change on the Balance Sheet at 30 June 2024 was to increase inventories by £10 million, non-current other receivables by £91 million, current trade and other receivables by £120 million, current trade and other payables by £130 million and non-current other payables by £91 million.

#### **Alternative performance measures**

The Group presents Alternative Performance Measures ("APMs") in addition to the statutory results. These are presented in accordance with the Guidelines on APMs issued by the European Securities and Markets Authority ("ESMA"). APMs used by the Group are set out in the glossary to these Condensed Consolidated Interim Financial Statements and the reconciling items between statutory and adjusted results are listed below and described in more detail in note 4.

## **2. Summary of material accounting policies (continued)**

Adjusted profit measures exclude items which are significant in size or volatility or by nature are non-trading or non-recurring or are the net changes in fair value items booked on an acquisition.

On this basis, the following are the principal items included within adjusting items impacting operating profit:

- Amortisation of intangible assets that are acquired in a business combination, excluding computer software and development costs;
- Significant restructuring project costs and other associated costs, including losses incurred following the announcement of closure for identified businesses, arising from significant strategy changes that are not considered by the Group to be part of the normal operating costs of the business;
- Acquisition and disposal related gains and losses;
- Impairment charges that are considered to be significant in nature and/or value to the trading performance of the business;
- Movement in derivative financial instruments not designated in hedging relationships, including revaluation of associated financial assets and liabilities;
- The charge for the previous Melrose equity-settled compensation scheme, including its associated employer's tax charge; and

- The net change in fair value items booked on acquisitions.

Further to the adjusting items above, adjusting items impacting profit before tax include:

- Acceleration of unamortised debt issue costs written off as a consequence of Group refinancing; and
- Significant settlement gains and losses associated with debt instruments including interest rate swaps following acquisition or disposal related activity or non-trading transactions, which are not considered by the Group to be part of normal financing costs.

In addition to the items above, adjusting items impacting profit after tax include:

- The net effect on tax of significant restructuring from strategy changes that are not considered by the Group to be part of the normal operating costs of the business;
- The net effect of significant new tax legislation; and
- The tax effects of adjustments to profit before tax, described above.

The Board considers the adjusted results to be an important measure used to monitor how the businesses are performing as this provides a meaningful reflection of how the businesses are managed and measured on a day-to-day basis and achieves consistency and comparability between reporting periods, when all businesses are held for a complete reporting period.

The adjusted measures are used to partly determine the variable element of remuneration of senior management throughout the Group and are also in alignment with performance measures used by certain external stakeholders.

Adjusted profit is not a defined term under IFRS and may not be comparable with similarly titled profit measures reported by other companies. It is not intended to be a substitute for, or superior to, GAAP measures. All APMs relate to the current period results and comparative periods where provided.

### Going concern

The Condensed Consolidated Interim Financial Statements have been prepared on a going concern basis as the Directors consider that adequate resources exist for the Company to continue in operational existence for the foreseeable future, being 12 months from the date of this report (the relevant period). The Group's liquidity and funding arrangements are described in the Chief Financial Officer's Review. There is significant liquidity headroom at 30 June 2025 (£0.7 billion) and throughout the going concern forecast period. Forecast covenant compliance is considered further below.

### Covenants

The Group's banking facility has two financial covenants being a net debt to adjusted EBITDA covenant and an interest cover covenant, both of which are tested half yearly in June and December. Covenant calculations are detailed in the glossary to these Condensed Consolidated Interim Financial Statements.

The financial covenants for the going concern period are as follows:

	30 June 2025	31 December 2025	30 June 2026
Net debt to adjusted EBITDA (banking covenant leverage)	3.5x	3.5x	3.5x
Interest cover	4.0x	4.0x	4.0x

### Testing

The Group modelled two scenarios in its assessment of going concern; a base case and a severe but plausible downside case.

The base case takes into account end markets and operational factors, including supply chain challenges, throughout the going concern period and has been monitored against the actual results and cash generation in the period since 1 July 2025.

The severe but plausible downside case models more conservative revenue and working capital assumptions in the remaining period of 2025 and the relevant period in 2026. However, given there is liquidity headroom of £0.7 billion and the Group's banking covenant leverage is 2.1x at 30 June 2025, comfortably below future testing levels, no further sensitivity detail is provided.

## 2. Summary of material accounting policies (continued)

Under the severe but plausible downside case no covenant is breached at 31 December 2025 nor, based on the continuation of existing financing arrangements with the Group having the option to extend the majority of its facilities through to April 2028, at 30 June 2026 or 31 December 2026.

## 3. Segment information

Segment information is presented in accordance with IFRS 8: Operating Segments which requires operating segments to be identified on the

basis of internal reports about components of the Group that are regularly reported to the Group's Chief Operating Decision Maker ("CODM"), which has been deemed to be the Group's Board, in order to allocate resources to the segments and assess their performance. The operating segments are as follows:

**Engines** - An industry leading global tier one supplier to the aerospace engines market, including structural engineered components; parts repair; commercial and aftermarket contracts.

**Structures** - A multi-technology global tier one supplier of both civil and defence air frames, including lightweight composite and metallic structures; electrical distribution systems and components.

In addition, there is a corporate cost centre which is also reported to the Board. The corporate cost centre contains the Melrose Group head office costs and charges related to certain of the Group's senior management long-term incentive plans.

Reportable segment results include items directly attributable to a segment as well as those which can be allocated on a reasonable basis. Inter-segment pricing is determined on an arm's length basis, in a manner similar to transactions with third parties.

The Group's geographical segments are determined by the location of the Group's non-current assets and, for revenue, the location of external customers. Inter-segment sales are not material and have not been disclosed.

The following tables present the results and certain asset and liability information regarding the Group's operating segments and corporate cost centre for the six month period ended 30 June 2025 and comparative periods.

**a) Segment revenues**

	6 months ended 30 June 2025 £m	6 months ended 30 June 2024 £m	Year ended 31 December 2024 £m
<b>Continuing operations</b>			
Engines	781	720	1,459
Structures	939	1,022	2,009
<b>Revenue</b>	<b>1,720</b>	<b>1,742</b>	<b>3,468</b>

**b) Segment operating profit**

6 months ended 30 June 2025	Engines £m	Structures £m	Corporate <sup>(1)</sup> £m	Total £m
<b>Continuing operations</b>				
<b>Adjusted operating profit/(loss)</b>	<b>261</b>	<b>63</b>	<b>(14)</b>	<b>310</b>
Items not included in adjusted operating profit <sup>(2)</sup> :				
Amortisation of intangible assets acquired in business combinations	(66)	(61)	-	(127)
Restructuring costs	(2)	(10)	-	(12)
(Losses)/gains in derivatives and associated financial assets and liabilities	(16)	(4)	287	267
Net changes in fair value items	(1)	4	-	3
<b>Operating profit/(loss)</b>	<b>176</b>	<b>(8)</b>	<b>273</b>	<b>441</b>
Finance costs				(62)
Finance income				-
<b>Profit before tax</b>				<b>379</b>
Tax				(94)
<b>Profit after tax for the period attributable to owners of the parent</b>				<b>285</b>

(1) Corporate adjusted operating loss of £14 million includes a charge of £1 million in respect of the Performance Share Plan for certain senior managers in the Group.

(2) For further details on adjusting items, refer to note 4.

**3. Segment information (continued)**

**b) Segment operating profit (continued)**

6 months ended 30 June 2024	Engines £m	Structures £m	Corporate <sup>(1)</sup> £m	Total £m
<b>Continuing operations</b>				
<b>Adjusted operating profit/(loss)</b>	<b>212</b>	<b>48</b>	<b>(13)</b>	<b>247</b>
Items not included in adjusted operating profit <sup>(2)</sup> :				
Amortisation of intangible assets acquired in business combinations	(66)	(61)	-	(127)

Amortisation of intangible assets acquired in business combinations	(100)	(102)	-	(120)
Restructuring costs	(11)	(38)	(21)	(70)
Gains/(losses) in derivatives and associated financial assets and liabilities	4	-	(55)	(51)
Acquisition and disposal related gains and losses	-	(37)	(1)	(38)
Melrose equity-settled compensation scheme charges	-	-	(14)	(14)
Net changes in fair value items	-	(8)	-	(8)
<b>Operating profit/(loss)</b>	<b>139</b>	<b>(97)</b>	<b>(104)</b>	<b>(62)</b>
Finance costs				(45)
Finance income				2
<b>Loss before tax</b>				<b>(105)</b>
Tax				25
<b>Loss after tax for the period attributable to owners of the parent</b>				<b>(80)</b>

(1) Corporate adjusted operating loss of £13 million includes a charge of £nil in respect of the Performance Share Plan for certain senior managers in the Group.

(2) For further details on adjusting items, refer to note 4.

Year ended 31 December 2024				
Continuing operations	Engines £m	Structures £m	Corporate <sup>(1)</sup> £m	Total £m
<b>Adjusted operating profit/(loss)</b>	<b>422</b>	<b>144</b>	<b>(26)</b>	<b>540</b>
Items not included in adjusted operating profit <sup>(2)</sup> :				
Amortisation of intangible assets acquired in business combinations	(131)	(124)	-	(255)
Gains/(losses) in derivatives and associated financial assets and liabilities	7	-	(119)	(112)
Restructuring costs	(15)	(75)	(21)	(111)
Acquisition and disposal related gains and losses	-	(43)	(1)	(44)
Melrose equity-settled compensation scheme charges	-	-	(14)	(14)
Net changes in fair value items	-	(8)	-	(8)
<b>Operating profit/(loss)</b>	<b>283</b>	<b>(106)</b>	<b>(181)</b>	<b>(4)</b>
Finance costs				(105)
Finance income				3
<b>Loss before tax</b>				<b>(106)</b>
Tax				57
<b>Loss after tax for the year attributable to owners of the parent</b>				<b>(49)</b>

(1) Corporate adjusted operating loss of £26 million includes a charge of £1 million in respect of the Performance Share Plan for certain senior managers in the Group.

(2) For further details on adjusting items, refer to note 4.

### c) Segment total assets and liabilities

	Total assets			Total liabilities		
	30 June 2025 £m	Restated <sup>(1)</sup> 30 June 2024 £m	31 December 2024 £m	30 June 2025 £m	Restated <sup>(1)</sup> 30 June 2024 £m	31 December 2024 £m
Engines	4,357	4,326	4,595	1,645	1,570	1,757
Structures	2,277	2,321	2,284	1,197	1,144	1,134
Corporate	696	698	557	1,636	1,572	1,701
<b>Total</b>	<b>7,330</b>	<b>7,345</b>	<b>7,436</b>	<b>4,478</b>	<b>4,286</b>	<b>4,592</b>

(1) Inventories, trade and other receivables and trade and other payables have been restated (see note 2).

## 3. Segment information (continued)

### d) Segment capital expenditure and depreciation

	Capital expenditure <sup>(1)</sup>			Depreciation of owned assets <sup>(1)</sup>			Depreciation of leased assets		
	6 months ended 30 June 2025 £m	6 months ended 30 June 2024 £m	Year ended 31 December 2024 £m	6 months ended 30 June 2025 £m	6 months ended 30 June 2024 £m	Year ended 31 December 2024 £m	6 months ended 30 June 2025 £m	6 months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Engines	28	27	63	21	22	43	5	3	7
Structures	17	25	54	31	38	74	9	8	17
Corporate	-	-	1	-	-	-	1	1	1
<b>Total</b>	<b>45</b>	<b>52</b>	<b>118</b>	<b>52</b>	<b>60</b>	<b>117</b>	<b>15</b>	<b>12</b>	<b>25</b>

(1) Includes computer software and development costs. Capital expenditure excludes lease additions.

### e) Geographical information



The Group operates in various geographical areas around the world. The parent company's country of domicile is the UK and the Group's revenues and non-current assets in the rest of Europe and North America are also considered to be material.

The Group's revenue from external customers and information about specific segment assets (non-current assets excluding deferred tax assets, non-current derivative financial assets and non-current other receivables), by geographical location are detailed below:

	Revenue <sup>(1)</sup> from external customers			Segment assets		
	6 months ended 30 June 2025 £m	6 months ended 30 June 2024 £m	Year ended 31 December 2024 £m	30 June 2025 £m	30 June 2024 £m	31 December 2024 £m
UK	275	282	569	724	828	739
Rest of Europe	249	282	567	1,884	2,114	2,061
North America	1,144	1,126	2,232	1,023	1,136	1,145
Other	52	52	100	42	20	47
<b>Total</b>	<b>1,720</b>	<b>1,742</b>	<b>3,468</b>	<b>3,673</b>	<b>4,098</b>	<b>3,992</b>

(1) Revenue is presented by destination.

#### 4. Reconciliation of adjusted profit measures

As described in note 2, adjusted profit measures are an alternative performance measure used by the Board to monitor the performance of the Group.

##### a) Operating profit

		6 months ended 30 June 2025 £m	6 months ended 30 June 2024 £m	Year ended 31 December 2024 £m
<b>Continuing operations</b>	Notes			
Operating profit/(loss)		441	(62)	(4)
Amortisation of intangible assets acquired in business combinations	a	127	128	255
Restructuring costs	b	12	70	111
(Gains)/losses in derivatives and associated financial assets and liabilities	c	(267)	51	112
Net changes in fair value items	d	(3)	8	8
Acquisition and disposal related gains and losses	e	-	38	44
Melrose equity-settled compensation scheme charges	f	-	14	14
Total adjustments to operating profit/(loss)		(131)	309	544
<b>Adjusted operating profit</b>		<b>310</b>	<b>247</b>	<b>540</b>

- a. The amortisation charge on intangible assets acquired in business combinations totalled £127 million (2024: £128 million) which is excluded from adjusted results due to its non-trading nature and to enable comparison with companies that grow organically. However, where intangible assets are trading in nature, such as computer software and development costs, the amortisation is not excluded from adjusted results.

#### 4. Reconciliation of adjusted profit measures (continued)

- b. Costs associated with significant restructuring projects in the period totalled £12 million (2024: £70 million). These are shown as adjusting items due to their size and non-trading nature and include a charge of £10 million (2024: £48 million) relating to the finalisation of significant restructuring projects across sites in the Engines and Structures divisions in Europe and North America. These projects are substantially complete after a cumulative charge since commencement of £291 million (31 December 2024: £281 million).

As at 30 June 2025, £6 million is included in restructuring provisions in relation to the multi-year programmes described above to be settled in cash over the next six months.

- c. Movements in the fair value of derivative financial instruments (primarily forward foreign currency exchange contracts), where hedge accounting is not applied, along with foreign exchange movements on the associated financial assets and liabilities, entered into within the businesses to mitigate the potential volatility of future cash flows on long-term foreign currency customer and supplier contracts totalled a credit of £267 million (2024: charge of £51 million) in the period and are shown as an adjusting item because of volatility and size.
- d. Net changes in fair value items totalled a credit of £3 million (2024: charge of £8 million) and are shown as an adjusting item due to their size and volatility.

- e. There were no acquisition or disposal related gains or losses in the period (2024: loss of £38 million).
- f. The Melrose equity-settled Employee Share Plan matured during 2024. The charge of £14 million in the prior period was excluded from adjusted results due to its size and volatility.

Adjustments to operating profit/(loss) identified above resulted in a net cash spend of £22 million (2024: £48 million) in the period, being cash costs associated with restructuring programmes of £17 million (2024: £85 million), £5 million of cash costs associated with legacy Melrose operations, a net cash inflow on acquisition and disposal related gains and losses of £nil (2024: £55 million), and cash costs of the Melrose equity-settled compensation scheme of £nil (2024: £18 million).

**b) Profit before tax**

	6 months ended 30 June 2025 £m	6 months ended 30 June 2024 £m	Year ended 31 December 2024 £m
<b>Continuing operations</b>			
Profit/(loss) before tax	379	(105)	(106)
Adjustments to operating profit/(loss) as above	(131)	309	544
<b>Adjusted profit before tax</b>	<b>248</b>	<b>204</b>	<b>438</b>

**c) Profit after tax**

	6 months ended 30 June 2025 £m	6 months ended 30 June 2024 £m	Year ended 31 December 2024 £m
<b>Continuing operations</b>			
Profit/(loss) after tax	285	(80)	(49)
Adjustments to profit/(loss) before tax as above	(131)	309	544
Tax effect of adjustments to profit/(loss) before tax:			
Amortisation of intangible assets acquired in business combinations	(29)	(30)	(59)
Restructuring costs	(3)	(17)	(28)
Gains/losses in derivatives and associated financial assets and liabilities	71	(14)	(30)
Net changes in fair value items	1	(2)	(2)
Acquisition and disposal related gains and losses	-	(3)	(4)
Melrose equity-settled compensation scheme charges	-	(3)	(5)
Tax effect of significant restructuring	-	-	(17)
Total adjustments to profit/(loss) after tax	(91)	240	399
<b>Adjusted profit after tax</b>	<b>194</b>	<b>160</b>	<b>350</b>

**5. Tax**

	6 months ended 30 June 2025 £m	6 months ended 30 June 2024 £m	Year ended 31 December 2024 £m
<b>Analysis of the charge/(credit) in the period:</b>			
<b>Continuing operations</b>			
Current tax	7	5	15
Deferred tax	87	(30)	(72)
<b>Total tax charge/(credit)</b>	<b>94</b>	<b>(25)</b>	<b>(57)</b>

The effective tax rate in respect of adjusted profit before tax for the period is 21.8% (2024: 21.6%). Adjusted tax has been calculated by applying the expected tax rate to adjusted profit before tax of £248 million (2024: £204 million), giving an adjusted tax charge of £54 million (2024: £44 million).

The adjusted tax charge of £54 million (2024: £44 million) excludes a tax charge on adjusting items of £40 million (2024: credit of £69 million) details of which are shown in note 4.

**Other comprehensive income and changes in equity:**

In addition to the amount included in the Income Statement, a credit of £5 million (2024: charge of £3 million) has been recognised directly in the Statement of Comprehensive Income. This represents a tax charge of £1 million (2024: £3 million) in respect of the remeasurement of retirement benefit obligations and a tax credit of £6 million (2024: £nil) in respect of movements on hedge relationships and translation

differences. There is also a tax charge of £3 million (2024: credit of £6 million) recognised directly in the Statement of Changes in Equity in respect of deferred tax on equity-settled share-based payments.

## 6. Earnings per share

	6 months ended 30 June 2025 £m	6 months ended 30 June 2024 £m	Year ended 31 December 2024 £m
<b>Earnings attributable to owners of the parent</b>			
Earnings for basis of earnings per share	285	(80)	(49)

	6 months ended 30 June 2025 Number	6 months ended 30 June 2024 Number	Year ended 31 December 2024 Number
Weighted average number of ordinary shares for the purposes of basic earnings per share (million)	1,279	1,319	1,307
Further shares for the purposes of diluted earnings per share (million)	4	27	17
<b>Weighted average number of ordinary shares for the purposes of diluted earnings per share (million)</b>	<b>1,283</b>	<b>1,346</b>	<b>1,324</b>

	6 months ended 30 June 2025 pence	6 months ended 30 June 2024 pence	Year ended 31 December 2024 pence
<b>Earnings per share</b>			
Basic earnings per share	22.3	(6.1)	(3.7)
Diluted earnings per share	22.2	(6.1)	(3.7)

	6 months ended 30 June 2025 £m	6 months ended 30 June 2024 £m	Year ended 31 December 2024 £m
<b>Adjusted earnings</b>			
Adjusted earnings for the basis of adjusted earnings per share	194	160	350

## 6. Earnings per share (continued)

	6 months ended 30 June 2025 pence	6 months ended 30 June 2024 pence	Year ended 31 December 2024 pence
<b>Adjusted earnings per share</b>			
Adjusted basic earnings per share	15.2	12.1	26.8
Adjusted diluted earnings per share	15.1	11.9	26.4

## 7. Dividends

	6 months ended 30 June 2025 £m	6 months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Final dividend for the year ended 31 December 2023 of 3.5p	-	46	46
Interim dividend for the year ended 31 December 2024 of 2.0p	-	-	26
Final dividend for the year ended 31 December 2024 of 4.0p	51	-	-
<b>Total dividends paid</b>	<b>51</b>	<b>46</b>	<b>72</b>

An interim dividend of 2.4 pence per ordinary share is declared by the Board, totalling £30 million.

On 1 October 2024, the Group commenced a £250 million share buyback programme which is expected to complete by the end of March 2026. During the six month period ended 30 June 2025, 14,180,323 shares were purchased at an average price of 504 pence per share for a total cash consideration of £71 million, inclusive of costs of £nil.

## 8. Disposals

During the period, the Group disposed of its 1% investment in Dowlais Group plc for consideration of £9 million. In the prior period, the Group disposed of its Fuel Systems business, its St. Louis operation and its Orangeburg operation. The results of the three businesses disposed were not classified within discontinued operations as they did not meet the criteria of being a major separate line of business.

## 9. Provisions

	Loss-making contracts £m	Property related costs £m	Environmental and litigation £m	Warranty related costs £m	Restructuring £m	Other £m	Total £m
At 1 January 2025	28	25	50	24	27	30	184
Utilised	(5)	-	(3)	(1)	(22)	-	(31)
Charge to operating profit <sup>(1)</sup>	1	2	7	1	11	1	23
Release to operating profit <sup>(2)</sup>	-	-	(1)	-	-	(1)	(2)
Exchange adjustments	(1)	(2)	(1)	(2)	-	(3)	(9)
<b>At 30 June 2025</b>	<b>23</b>	<b>25</b>	<b>52</b>	<b>22</b>	<b>16</b>	<b>27</b>	<b>165</b>
Current	10	5	22	12	16	25	90
Non-current	13	20	30	10	-	2	75
	23	25	52	22	16	27	165

<sup>(1)</sup> Includes £12 million of adjusting items and £11 million recognised in adjusted operating profit.

<sup>(2)</sup> Includes £nil of adjusting items and £2 million recognised in adjusted operating profit.

Provisions for loss-making contracts are considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received under it. This obligation has been discounted and will be utilised over the period of the respective contracts, which is up to 15 years.

The provision for property related costs represents dilapidation costs for ongoing leases and is expected to result in cash expenditure over the next 15 years.

Environmental provisions relate to the estimated remediation costs of pollution and groundwater contamination at certain sites and at 30 June 2025 amounted to £7 million (31 December 2024: £8 million). At 30 June 2025, litigation provisions amounting to £45 million (31 December 2024: £42 million) relate to estimated future costs and settlements in relation to legal claims and associated insurance obligations. Due to their nature, it is not possible to predict precisely when these provisions will be utilised.

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products and are subsequently updated for changes in estimates as necessary. Warranty terms are, on average, between one and five years.

Restructuring provisions relate to committed costs in respect of restructuring programmes which are expected to result in cash spend within the next 12 months.

Other provisions include indemnities and the employer tax on equity-settled compensation schemes which are expected to result in cash expenditure over the next two years.

## 10. Financial instruments

The table below sets out the Group's accounting classification of each category of financial assets and liabilities and their carrying values as at 30 June 2025, 30 June 2024 and 31 December 2024:

	Current £m	Non-current £m	Total £m
<b>30 June 2025</b>			
<b>Financial assets</b>			
<i>Classified as amortised cost:</i>			
Cash and cash equivalents	124	-	124
Net trade receivables	393	-	393
<i>Classified as fair value:</i>			
Investments	-	59	59
Derivative financial assets			
Foreign currency forward contracts	39	104	143
Interest rate swaps	1	-	1
Embedded derivatives	2	1	3
<b>Financial liabilities</b>			
<i>Classified as amortised cost:</i>			
Interest-bearing loans and borrowings	(53)	(1,475)	(1,528)
Government refundable advances	(4)	(42)	(46)
Lease obligations	(33)	(236)	(269)
Other financial liabilities	(897)	(50)	(947)
<i>Classified as fair value:</i>			
Derivative financial liabilities			
Foreign currency forward contracts	(17)	(11)	(28)
Interest rate swaps	(1)	(8)	(9)
Embedded derivatives	(1)	(1)	(2)
<b>30 June 2024</b>			
<b>Financial assets</b>			
<i>Classified as amortised cost:</i>			
Cash and cash equivalents	189	-	189
Net trade receivables	406	-	406
<i>Classified as fair value:</i>			
Investments	-	118	118
Derivative financial assets			
Foreign currency forward contracts	7	11	18

Interest rate swaps	-	7	7
Embedded derivatives	3	5	8
<b>Financial liabilities</b>			
<i>Classified as amortised cost:</i>			
Interest-bearing loans and borrowings	(84)	(1,081)	(1,165)
Government refundable advances	(8)	(45)	(53)
Lease obligations	(31)	(151)	(182)
Other financial liabilities	(804)	(104)	(908)
<i>Classified as fair value:</i>			
Derivative financial liabilities			
Foreign currency forward contracts	(53)	(75)	(128)
Embedded derivatives	(1)	(2)	(3)
31 December 2024			
<b>Financial assets</b>			
<i>Classified as amortised cost:</i>			
Cash and cash equivalents	88	-	88
Net trade receivables	400	-	400
<i>Classified as fair value:</i>			
Investments	-	69	69
Derivative financial assets			
Foreign currency forward contracts	7	1	8
Interest rate swaps	-	8	8
Embedded derivatives	3	3	6
<b>Financial liabilities</b>			
<i>Classified as amortised cost:</i>			
Interest-bearing loans and borrowings	(8)	(1,401)	(1,409)
Government refundable advances	(6)	(45)	(51)
Lease obligations	(33)	(204)	(237)
Other financial liabilities	(851)	(69)	(920)
<i>Classified as fair value:</i>			
Derivative financial liabilities			
Foreign currency forward contracts	(71)	(111)	(182)
Interest rate swaps	-	(2)	(2)
Embedded derivatives	(1)	(2)	(3)

The fair value of the derivative financial instruments, other than embedded derivatives, is derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) and they are therefore categorised within level 2 of the fair value hierarchy set out in IFRS 13: Fair Value Measurement. The embedded derivatives are classified as level 3 fair value under the IFRS 13 fair value hierarchy. The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date of the event or change in circumstances that caused the transfer to occur. There have been no transfers between levels in the period.

#### 11. Retirement benefit obligations

The Group sponsors defined benefit plans for qualifying employees of certain subsidiaries. The funded defined benefit plans are administered by separate funds that are legally separated from the Group. The Trustees of the funds are required by law to act in the interest of the fund and of all relevant stakeholders in the plans. The Trustees of the pension funds are responsible for the investment policy with regard to the assets of the fund.

The most significant defined benefit pension plans in the Group at 30 June 2025 were:

##### GKN Group Pension Schemes (Numbers 1 and 4)

The GKN Group Pension Schemes (Numbers 1 and 4) are UK funded plans, closed to new members and closed to future accrual. The valuation of the plans was based on a full actuarial valuation as of 5 April 2022, updated to 30 June 2025 by independent actuaries.

##### GKN US Consolidated Pension Plan

The GKN US Consolidated Pension Plan is a funded plan, closed to new members and closed to future accrual. The US Pension Plan valuation was based on a full actuarial valuation as of 1 January 2025, updated to 30 June 2025 by independent actuaries.

The cost of the Group's defined benefit plans is determined in accordance with IAS 19 (revised): Employee Benefits using the advice of independent professionally qualified actuaries on the basis of formal actuarial valuations and using the projected unit credit method. In line with normal practice, these valuations are undertaken triennially in the UK and annually in the US.

The amount recognised in the Balance Sheet in respect of defined benefit plans was as follows:

	UK plans <sup>(1)</sup> £m	US plans £m	Other plans £m	Total £m
<b>30 June 2025</b>				
Plan assets	936	28	-	<b>964</b>
Plan liabilities	(959)	(49)	(8)	<b>(1,016)</b>
<b>Net liabilities</b>	<b>(23)</b>	<b>(21)</b>	<b>(8)</b>	<b>(52)</b>

	UK plans <sup>(1)</sup> £m	US plans £m	Other plans £m	Total £m
<b>30 June 2024</b>				
Plan assets	1,006	31	-	<b>1,037</b>
Plan liabilities	(1,063)	(56)	(8)	<b>(1,127)</b>
<b>Net liabilities</b>	<b>(57)</b>	<b>(25)</b>	<b>(8)</b>	<b>(90)</b>

	UK plans <sup>(1)</sup> £m	US plans £m	Other £m	Total £m
31 December 2024				
Plan assets	955	31	-	986
Plan liabilities	(983)	(54)	(8)	(1,045)
Net liabilities	(28)	(23)	(8)	(59)

(1) Includes a liability in respect of post-employment medical plans of £6 million (30 June 2024: £6 million, 31 December 2024: £6 million).

Valuations of material plans have been updated at 30 June 2025 by independent actuaries to reflect updated assumptions regarding discount rates, inflation rates and asset values. The major assumptions were as follows:

	Rate of increase of pensions in payment % p.a.	Discount rate %	Price inflation (RPI/CPI) %
<b>30 June 2025</b>			
GKN Group Pension Schemes (Numbers 1 and 4)	<b>2.5</b>	<b>5.6</b>	<b>2.8/2.4</b>
GKN US plans	<b>n/a</b>	<b>5.3</b>	<b>n/a</b>
<b>30 June 2024</b>			
GKN Group Pension Schemes (Numbers 1 and 4)	2.7	5.1	3.1/2.7
GKN US plans	n/a	5.3	n/a
<b>31 December 2024</b>			
GKN Group Pension Schemes (Numbers 1 and 4)	2.7	5.5	3.0/2.6
GKN US plans	n/a	5.5	n/a

In addition, the defined benefit plan assets and liabilities have been updated to reflect the contributions made to the defined benefit plans and the benefits earned during the period to 30 June 2025.

## 12. Notes to the Cash Flow Statement

	6 months ended 30 June 2025 £m	Restated <sup>(1)</sup> 6 months ended 30 June 2024 £m	Year ended 31 December 2024 £m
<b>Continuing operations</b>			
<b>Reconciliation of operating profit/(loss) to net cash from/(used in) operating activities</b>			
Operating profit/(loss)	441	(62)	(4)
Adjusting items (note 4) <sup>(2)</sup>	(131)	309	544
Adjusted operating profit	310	247	540
Adjustments for:			
Depreciation of property, plant and equipment	51	52	101
Amortisation of computer software and development costs	16	20	41
Restructuring costs paid and movements in provisions	(22)	(91)	(135)
Defined benefit pension contributions paid	(2)	(2)	(20)
Change in inventories	(85)	(98)	(71)
Change in receivables <sup>(3)</sup>	(200)	(218)	(449)
Change in payables	11	86	191
Acquisition and disposal costs	-	(1)	(1)
Tax paid	(11)	(10)	(10)
Interest paid on loans and borrowings	(48)	(35)	(84)
Interest paid on lease obligations	(5)	(3)	(6)
Divisional management incentive scheme related payments	(7)	(19)	(20)
Melrose equity-settled compensation scheme related payments	-	(18)	(198)
<b>Net cash from/(used in) operating activities</b>	<b>8</b>	<b>(90)</b>	<b>(121)</b>

(1) The changes in inventories, receivables and payables have been restated (see note 2).

(2) The cash impact of adjusting items is detailed in note 4.

(3) The change in receivables includes increases to unbilled work done of £219 million (2024: £166 million).

	30 June 2025 £m	30 June 2024 £m	31 December 2024 £m
<b>Reconciliation of cash and cash equivalents, net of bank overdrafts</b>			
Cash and cash equivalents per Balance Sheet	124	189	88
Bank overdrafts included within current interest-bearing loans and borrowings	(3)	(23)	(8)
<b>Cash and cash equivalents, net of bank overdrafts per Statement of Cash Flows</b>	<b>121</b>	<b>166</b>	<b>80</b>

**Net debt reconciliation**

Net debt consists of interest-bearing loans and borrowings and cash and cash equivalents.

Net debt is an alternative performance measure as it is not defined in IFRS. The most directly comparable IFRS measure is the aggregate of interest-bearing loans and borrowings (current and non-current) and cash and cash equivalents.

A reconciliation from the most directly comparable IFRS measure to net debt is given below.

	30 June 2025 £m	30 June 2024 £m	31 December 2024 £m
Interest-bearing loans and borrowings - due within one year	(53)	(84)	(8)
Interest-bearing loans and borrowings - due after one year	(1,475)	(1,081)	(1,401)
External debt	(1,528)	(1,165)	(1,409)
Less:			
Cash and cash equivalents	124	189	88
<b>Net debt</b>	<b>(1,404)</b>	<b>(976)</b>	<b>(1,321)</b>

**12. Notes to the Cash Flow Statement (continued)**

The table below shows the key components of the movement in net debt:

	At 1 January 2025 £m	Cash flow £m	Acquisitions and disposals £m	Other non-cash movements £m	Effect of foreign exchange £m	At 30 June 2025 £m
External debt (excluding bank overdrafts and unamortised finance costs)	(1,408)	(220)	-	-	98	(1,530)
Unamortised finance costs	7	1	-	(3)	-	5
External debt (excluding bank overdrafts)	(1,401)	(219)	-	(3)	98	(1,525)
Cash and cash equivalents, net of bank overdrafts	80	38	4	-	(1)	121
<b>Net debt</b>	<b>(1,321)</b>	<b>(181)</b>	<b>4</b>	<b>(3)</b>	<b>97</b>	<b>(1,404)</b>

**13. Lease obligations**

Amounts payable under lease obligations:

	30 June 2025 £m	30 June 2024 £m	31 December 2024 £m
<b>Minimum lease payments</b>			
Amounts payable:			
Within one year	39	35	39
After one year but within five years	128	102	120
Over five years	183	76	146
Less: future finance charges	(81)	(31)	(68)
<b>Present value of lease obligations</b>	<b>269</b>	<b>182</b>	<b>237</b>
Analysed as:			
Amounts due for settlement within one year	33	31	33
Amounts due for settlement after one year	236	151	204
<b>Present value of lease obligations</b>	<b>269</b>	<b>182</b>	<b>237</b>

It is the Group's policy to lease certain of its property, plant and equipment. The average lease term is 13 years. Interest rates are fixed at the contract date.

**Glossary****Alternative Performance Measures ("APMs")**

In accordance with the Guidelines on APMs issued by the European Securities and Markets Authority ("ESMA"), additional information is provided on the APMs used by the Group below.

In the reporting of financial information, the Group uses certain measures that are not required under IFRS. These additional measures (commonly referred to as APMs) provide additional information on the performance of the business and trends to stakeholders. These measures are consistent with those used internally, and are considered important to understanding the financial performance and financial health of the Group. APMs are considered to be an important measure to monitor how the businesses are performing because this provides a meaningful comparison of how the business is managed and measured on a day-to-day basis and achieves consistency and comparability between reporting periods.

These APMs may not be directly comparable with similarly titled measures reported by other companies and they are not intended to be a substitute for, or superior to, IFRS measures. All Income Statement and Cash Flow measures are provided for continuing operations unless otherwise stated.

APM	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
<b>Income Statement Measures</b>			
Adjusting items	None	Adjusting items (note 4)	Those items which the Group excludes from its adjusted profit metrics in order to present a further measure of the Group's performance.  These include items which are significant in size or volatility, or by nature are non-trading or non-recurring or the net change in fair value items booked on an acquisition.  This provides a meaningful comparison of how the business is managed and measured on a day-to-day basis and provides consistency and comparability between reporting periods.
Adjusted operating profit	Operating profit/(loss) <sup>(1)</sup>	Adjusting items (note 4)	The Group uses adjusted profit measures to provide a useful and more comparable measure of the ongoing performance of the Group. Adjusted measures are reconciled to statutory measures by removing adjusting items, the nature of which are disclosed above and further detailed in note 4.
		6 months ended 30 June 2025 £m	6 months ended 30 June 2024 £m      Year ended 31 December 2024 £m
<b>Adjusted operating profit</b>			
Operating profit/(loss)		<b>441</b>	(62)      (4)
Adjusting items to operating profit/(loss) (note 4)		<b>(131)</b>	309      544
<b>Adjusted operating profit</b>		<b>310</b>	247      540
Adjusted operating margin	Operating margin <sup>(2)</sup>	Adjusting items (note 4)	Adjusted operating margin represents Adjusted operating profit as a percentage of revenue. The Group uses adjusted profit measures to provide a useful and more comparable measure of the ongoing performance of the Group.

APM	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
Adjusted profit before tax	Profit/(loss) before tax	Adjusting items (note 4)	Profit before the impact of adjusting items and tax. As discussed above, adjusted profit measures are used to provide a useful and more comparable measure of the ongoing performance of the Group. Adjusted measures are reconciled to statutory measures by removing adjusting items, the nature of which are disclosed above and further detailed in note 4.
		6 months ended 30 June 2025 £m	6 months ended 30 June 2024 £m      Year ended 31 December 2024 £m
<b>Adjusted profit before tax</b>			
Profit/(loss) before tax		<b>379</b>	(105)      (106)
Adjusting items to profit/(loss) before tax (note 4)		<b>(131)</b>	309      544
<b>Adjusted profit before tax</b>		<b>248</b>	204      438

Adjusted profit after tax	Profit/(loss) after tax	Adjusting items (note 4)	Profit after tax but before the impact of the adjusting items. As discussed above, adjusted profit measures are used to provide a useful and more comparable measure of the ongoing performance of the Group. Adjusted measures are reconciled to statutory measures by removing adjusting items, the nature of which are disclosed above and further detailed in note 4.
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items, the nature of which are discussed above and further detailed in note 4.

	6 months ended 30 June 2025 £m	6 months ended 30 June 2024 £m	Year ended 31 December 2024 £m
<b>Adjusted profit after tax</b>			
Profit/(loss) after tax	285	(80)	(49)
Adjusting items to profit/(loss) after tax (note 4)	(91)	240	399
<b>Adjusted profit after tax</b>	<b>194</b>	<b>160</b>	<b>350</b>

Constant currency	Income Statement, which is reported using actual average foreign exchange rates	Constant currency foreign exchange rates	The Group uses GBP based constant currency models to measure performance. These are calculated by applying 2025 six month average exchange rates to local currency reported results for the current and prior periods. This gives a GBP denominated Income Statement which excludes any variances attributable to foreign exchange rate movements.																																
Adjusted EBITDA and Adjusted EBITDA for banking covenant leverage	Operating profit/(loss) <sup>(1)</sup>	Adjusting items (note 4), depreciation of property, plant and equipment and amortisation of computer software and development costs. Adjusted EBITDA for banking covenant leverage also includes an imputed lease charge and other adjustments required for banking covenant leverage <sup>(3)</sup>	Adjusted operating profit for 12 months prior to the reporting date, before depreciation of property, plant and equipment and before the amortisation of computer software and development costs.  Adjusted EBITDA and Adjusted EBITDA for banking covenant leverage are measures used by external stakeholders to measure performance.																																
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APM	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose																																				
Adjusted tax rate	Effective tax rate	Adjusting items, adjusting tax items and the tax impact of adjusting items (note 4 and note 5)	<p>The income tax charge for the Group excluding adjusting tax items, and the tax impact of adjusting items, divided by adjusted profit before tax.</p> <p>This measure is a useful indicator of the ongoing tax rate for the Group.</p> <table> <tr> <th></th><th>6 months ended 30 June 2025 £m</th><th>6 months ended 30 June 2024 £m</th><th>Year ended 31 December 2024 £m</th></tr> <tr> <td><b>Adjusted tax rate</b></td><td></td><td></td><td></td></tr> <tr> <td>Tax (charge)/credit per Income Statement</td><td>(94)</td><td>25</td><td>57</td></tr> <tr> <td>Adjusted for:</td><td></td><td></td><td></td></tr> <tr> <td>Tax effect of adjusting items (note 4)</td><td>40</td><td>(69)</td><td>(128)</td></tr> <tr> <td>Tax effect of significant restructuring</td><td>-</td><td>-</td><td>(17)</td></tr> <tr> <td><b>Adjusted tax charge</b></td><td><b>(54)</b></td><td><b>(44)</b></td><td><b>(88)</b></td></tr> <tr> <td><b>Adjusted profit before tax</b></td><td><b>248</b></td><td><b>204</b></td><td><b>438</b></td></tr> <tr> <td><b>Adjusted tax rate</b></td><td><b>21.8%</b></td><td><b>21.6%</b></td><td><b>20.1%</b></td></tr> </table>		6 months ended 30 June 2025 £m	6 months ended 30 June 2024 £m	Year ended 31 December 2024 £m	<b>Adjusted tax rate</b>				Tax (charge)/credit per Income Statement	(94)	25	57	Adjusted for:				Tax effect of adjusting items (note 4)	40	(69)	(128)	Tax effect of significant restructuring	-	-	(17)	<b>Adjusted tax charge</b>	<b>(54)</b>	<b>(44)</b>	<b>(88)</b>	<b>Adjusted profit before tax</b>	<b>248</b>	<b>204</b>	<b>438</b>	<b>Adjusted tax rate</b>	<b>21.8%</b>	<b>21.6%</b>	<b>20.1%</b>
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Adjusted basic earnings per share	Basic earnings per share	Adjusting items (note 4 and note 6)	Profit after tax attributable to owners of the parent and before the impact of adjusting items, divided by the weighted average number of ordinary shares in issue during the financial period.
			The Board considers this to be a key measure of performance when all businesses are held for the complete reporting period.
Adjusted diluted earnings per share	Diluted earnings per share	Adjusting items (note 4 and note 6)	Profit after tax attributable to owners of the parent and before the impact of adjusting items, divided by the weighted average number of ordinary shares in issue during the financial period adjusted for the effects of any potentially dilutive options.

The Board considers this to be a key measure of performance when all businesses are held for the complete reporting period.

Interest cover	None	Not applicable	Adjusted EBITDA calculated for banking covenant leverage (including adjusted EBITDA from businesses disposed) as a multiple of net interest payable on bank loans and overdrafts.
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This measure is used for bank covenant testing.

	12 months ended 30 June 2025 £m	12 months ended 30 June 2024 £m	Year ended 31 December 2024 £m
<b>Interest cover</b>			
Adjusted EBITDA for banking covenant leverage	703	570	629
Adjusted EBITDA from businesses disposed in the period	-	28	20
<b>Adjusted EBITDA for interest cover</b>	<b>703</b>	<b>598</b>	<b>649</b>
Interest on bank loans and overdrafts	(104)	(64)	(91)
Finance income	1	2	3
<b>Net finance charges for covenant purposes</b>	<b>(103)</b>	<b>(62)</b>	<b>(88)</b>
<b>Interest cover</b>	<b>6.8x</b>	<b>9.6x</b>	<b>7.4x</b>

APM	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
<b>Balance Sheet Measures</b>			
Working capital	Inventories, trade and other receivables less trade and other payables	Not applicable	Working capital comprises inventories, current trade and other receivables, non-current other receivables, current trade and other payables and non-current other payables.  This measure provides additional information in respect of working capital management.
Net debt	Cash and cash equivalents less interest-bearing loans and borrowings	Reconciliation of net debt (note 12)	Net debt comprises cash and cash equivalents and interest-bearing loans and borrowings.  Net debt is one measure that could be used to indicate the strength of the Group's Balance Sheet position and is a useful measure of the indebtedness of the Group.
Bank covenant definition of net debt at average rates and banking covenant leverage	Cash and cash equivalents less interest-bearing loans and borrowings	Impact of foreign exchange	Net debt (as above) is presented in the Balance Sheet translated at period end exchange rates.  For bank covenant testing purposes net debt is converted using average exchange rates for the previous 12 months.  Banking covenant leverage is calculated as the bank covenant definition of net debt divided by adjusted EBITDA for banking covenant leverage. This measure is used for bank covenant testing.

	30 June 2025 £m	30 June 2024 £m	31 December 2024 £m
<b>Bank covenant definition of net debt at average rates and banking covenant leverage</b>			
Net debt at closing rates (note 12)	1,404	976	1,321
Impact of foreign exchange	60	4	(16)
<b>Bank covenant definition of net debt at average rates</b>	<b>1,464</b>	<b>980</b>	<b>1,305</b>
<b>Banking covenant leverage</b>	<b>2.1x</b>	<b>1.7x</b>	<b>2.1x</b>

Leverage	None	None	Leverage is calculated as net debt at average rates (as above) divided by adjusted EBITDA.
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This measure is used by external stakeholders to assess the financial stability of the Group.

	30 June 2025	30 June 2024	31 December 2024
<b>Leverage</b>	<b>2.0x</b>	<b>1.6x</b>	<b>1.9x</b>

APM	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose																																																												
<b>Cash Flow Measures</b>																																																															
Adjusted operating cash flow	Net cash from/(used in) operating activities	Non-working capital items (note 12) and the repayment of principal under lease obligations	<p>Adjusted operating cash flow is calculated as net cash from/(used in) operating activities before restructuring costs paid and movements in provisions, defined benefit pension contributions paid, tax paid, interest paid on loans and borrowings, interest paid on lease obligations, acquisition and disposal costs, divisional management incentive scheme related payments, Melrose equity-settled compensation scheme related payments and after the repayment of principal under lease obligations.</p> <p>This measure provides additional useful information in respect of cash generation and is consistent with how business performance is measured internally.</p>																																																												
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APM	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose																				
Free cash flow	Net increase in cash and cash equivalents (net of bank overdrafts)	Acquisition and disposal related cash flows, dividends paid to owners of the parent, transactions in own shares, payments made in respect of equity-settled compensation schemes and movements on borrowing	<p>Free cash flow represents cash generated after all trading costs including restructuring, pension contributions, tax and interest payments.</p> <p>This measure provides additional useful information in respect of cash generation and is consistent with how business performance is measured internally.</p>																				
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	6 months ended 30 June 2025 £m	6 months ended 30 June 2024 £m	Year ended 31 December 2024 £m																				
<b>Free cash flow</b>																							
Net increase in cash and cash equivalents (net of bank overdrafts)	42	109	30																				
<b>Debt related:</b>																							
Repayments of borrowings	-	-	10																				

facilities	Drawings on borrowing facilities	(220)	(512)	(767)
	Costs of raising debt finance	1	3	3
	<b>Equity related:</b>			
	Dividends paid to owners of the parent	51	46	72
	Purchase of own shares, including associated costs	71	246	431
	Melrose equity-settled compensation scheme related payments	-	18	198
	<b>Acquisition and disposal related:</b>			
	Acquisition of subsidiaries	5	-	-
	Disposal of investments	(9)	-	-
	Disposal of businesses, net of cash disposed	-	(56)	(55)
	Equity accounted investment additions	-	-	3
	Acquisition and disposal costs	-	1	1
	Other	5	-	-
	<b>Free cash flow</b>	<b>(54)</b>	<b>(145)</b>	<b>(74)</b>

Adjusted free cash flow	Net increase in cash and cash equivalents (net of bank overdrafts)	Free cash flow, as defined above, adjusted for restructuring costs paid	Adjusted free cash flow represents free cash flow adjusted for restructuring costs paid.  This measure provides additional useful information in respect of cash generation and is consistent with how business performance is measured internally.		
			6 months ended 30 June 2025 £m	6 months ended 30 June 2024 £m	Year ended 31 December 2024 £m
		Adjusted free cash flow			
		Free cash flow	(54)	(145)	(74)
		Restructuring costs paid	17	85	126
		<b>Adjusted free cash flow</b>	<b>(37)</b>	<b>(60)</b>	<b>52</b>

APM	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
Free cash flow pre-interest and tax	Net increase in cash and cash equivalents (net of bank overdrafts)	Free cash flow, as defined above, adjusted for interest and tax cash flows	Free cash flow pre-interest and tax represents free cash flow adjusted for interest and tax.  This measure provides additional useful information in respect of cash generation and is consistent with how business performance is measured internally.
			6 months ended 30 June 2025 £m
		Free cash flow pre-interest and tax	6 months ended 30 June 2024 £m
		Free cash flow	(54)
		Tax paid	11
		Interest paid on loans and borrowings	48
		Interest paid on lease obligations	5
		Interest received	-
		<b>Free cash flow pre-interest and tax</b>	<b>10</b>
			(99)
			23
Capital expenditure (capex)	None	Not applicable	Calculated as the purchase of owned property, plant and equipment and computer software and expenditure on capitalised development costs during the period, excluding any assets acquired as part of a business combination.  Net capital expenditure is capital expenditure net of proceeds from disposal of property, plant and equipment.
Capital expenditure to depreciation ratio	None	Not applicable	Net capital expenditure divided by depreciation of owned property, plant and equipment and amortisation of computer software and development costs.

(1) Operating profit/(loss) is not defined within IFRS but is a widely accepted profit measure being profit/(loss) before finance costs, finance income and tax.

(2) Operating margin is not defined within IFRS but is a widely accepted profit measure being derived from operating profit/(loss)<sup>(1)</sup> divided by revenue.

(3) Included within other adjustments required for banking covenant leverage in all periods presented are unrealised savings from spend incurred in the period on restructuring projects of £1 million (2024: £18 million) offset by adjusted operating profit, depreciation and an imputed lease charge in respect of businesses

disposed in the previous 12 months of £nil (2024: £28 million).

(4) Excludes non-cash utilisation of loss-making contract provisions of £5 million (2024: £16 million).

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