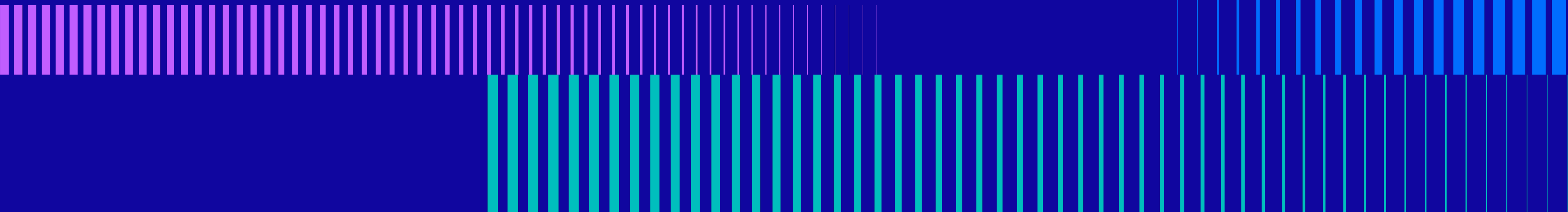


ADAM RIDDLE

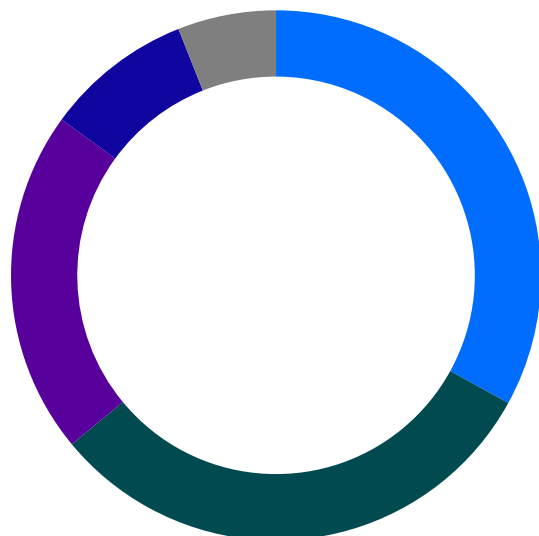
PRESIDENT, DEFENCE








DEFENCE

Advantaged and resilient business operating in attractive markets

Underlying revenue (2022)



- Transport – 33%
- Combat – 31%
- Submarines – 21%
- Naval – 9%
- Helicopter – 6%

TRANSPORT	COMBAT ¹	SUBMARINES	NAVAL	HELICOPTER
				
Versatile core	Global solutions with leading technology	Full value chain capability	Power-dense engines	Decades of small engine experience
25-30% Market share	10-20% Market share	100% Market share (UK submarine power)	15-30% Market share (gas turbines & generators)	10-15% Market share
2,500+ Aircraft in service	2,500 Aircraft in service	10 Boats in service	250+ Ships in service (engines)	3,200 ² Aircraft in service
T56 60+ years in service to date	RB199 40+ years in service to date	PWR1 60 years in service to date	Marine Spey 40+ years in service to date	M250 60+ years in service to date

1. Includes Trainers | 2. Military helicopters | Market share relates to 2023-2030

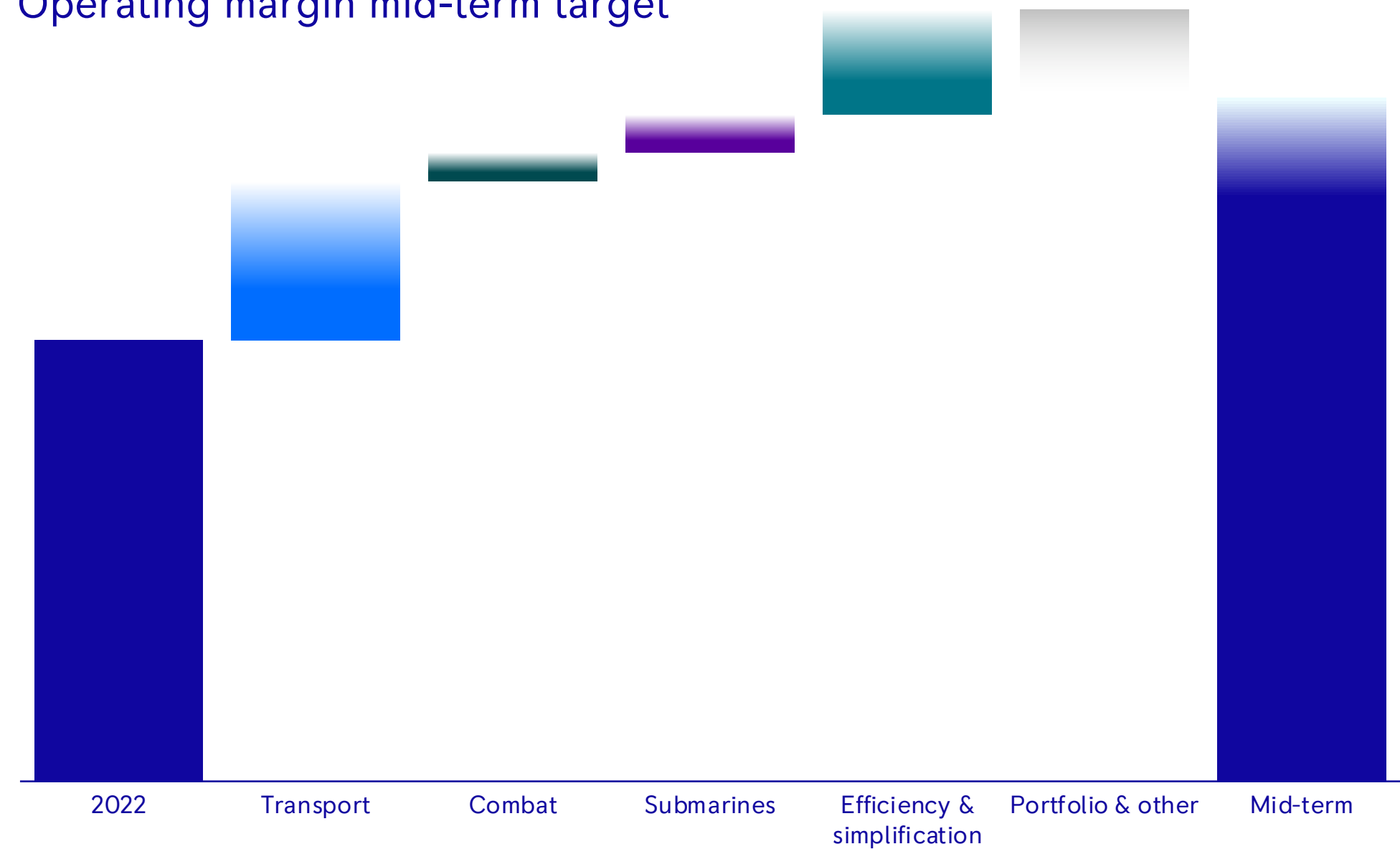
CAPTURING PERFORMANCE IMPROVEMENT OPPORTUNITIES

Strategic initiatives driving margin improvements

Defence operating profit improvements (£bn)

14-16%

Operating margin mid-term target



Transport

Continuing support for a growing Transport & Patrol fleet



Combat

Pursuing new, funded Combat programmes



Submarines

Increase in funded Submarines activity



Efficiency & simplification

Simplifying and optimising our business

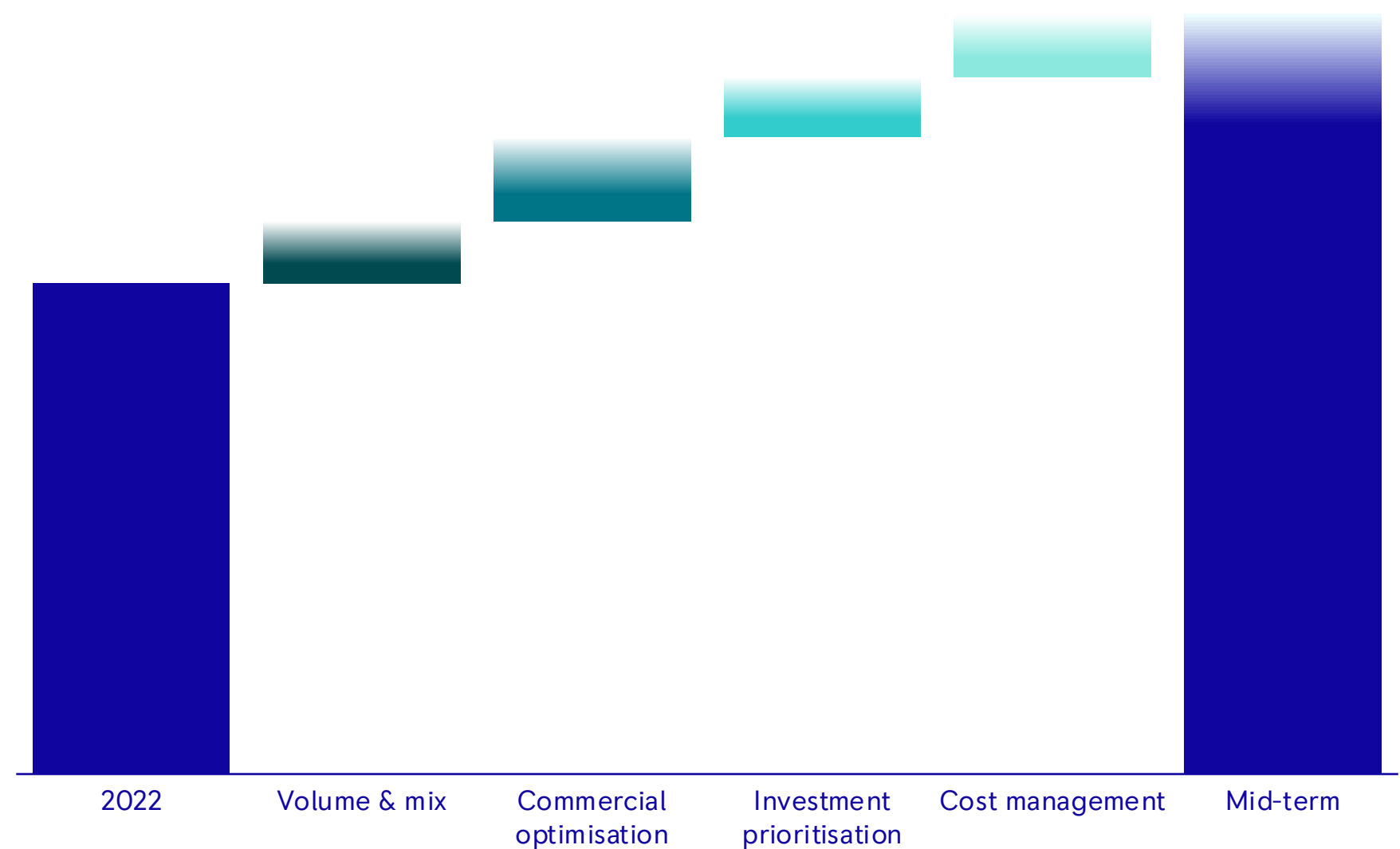
CAPTURING PERFORMANCE IMPROVEMENT OPPORTUNITIES

Key drivers of operating profit improvements

Defence operating profit improvements (£bn)

14-16%

Operating margin mid-term target



<p>VOLUME & MIX</p> <ul style="list-style-type: none">▪ Moving from legacy to new, funded programmes▪ Profitable aftermarket volume growth	<p>22%</p> <p>Increase in AE shop visits</p>
<p>COMMERCIAL OPTIMISATION</p> <ul style="list-style-type: none">▪ Mitigating external impacts with regular contractual updates enabling value recognition & risk mitigation	<p>All</p> <p>Material contracts renew in medium term</p>
<p>INVESTMENT PRIORITISATION</p> <ul style="list-style-type: none">▪ Prioritising spend for strategic markets▪ Pursuing customer-funded programmes	<p>150%</p> <p>Increase in customer-funded R&D</p>
<p>COST MANAGEMENT</p> <ul style="list-style-type: none">▪ Simplifying the organisation▪ Managing efficiencies across the business	<p>30%</p> <p>Improvement in TCC/GM</p>

LONG-TERM GROWTH MOMENTUM

Recent wins underpin long-term growth in Transport, Combat and Submarines

		RECENT WINS	FUTURE OPPORTUNITIES
TRANSPORT		Future Long Range Assault Aircraft (FLRAA)	Grow market share by leveraging FLRAA position for additional Transport & Patrol opportunities
COMBAT		Global Combat Air Programme and B-52	Grow in existing and new markets by developing next-gen technologies and pursuing autonomous platform opportunities
SUBMARINES		SSN-AUKUS for UK Royal Navy and Royal Australian Navy	Grow into new markets by developing micro-reactor technology utilising our proven nuclear capabilities

KEY MESSAGES

Defence: A strong cash generative business producing stable profits

Operating margin
14-16%
taking focused actions



Strong positions
and recent wins
in stable markets



Transforming
to enhance business
performance



Delivering
mission-critical power
and services

