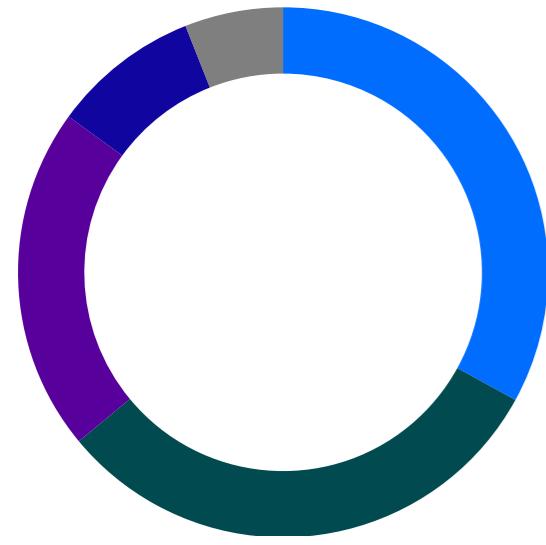


ADAM RIDDE

PRESIDENT, DEFENCE

Underlying revenue (2022)



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

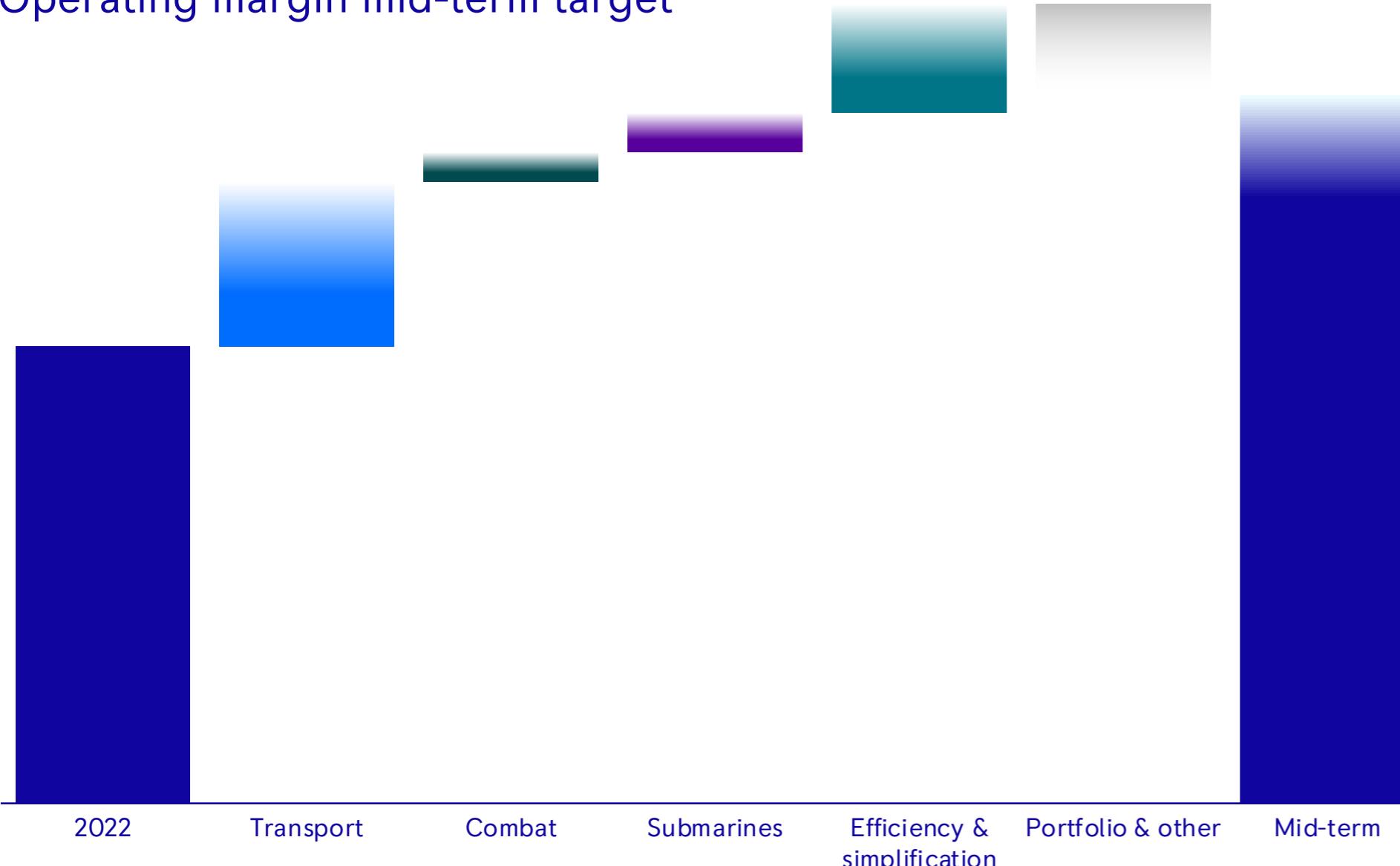
Strategic initiatives driving margin improvements

CMD
R 23

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

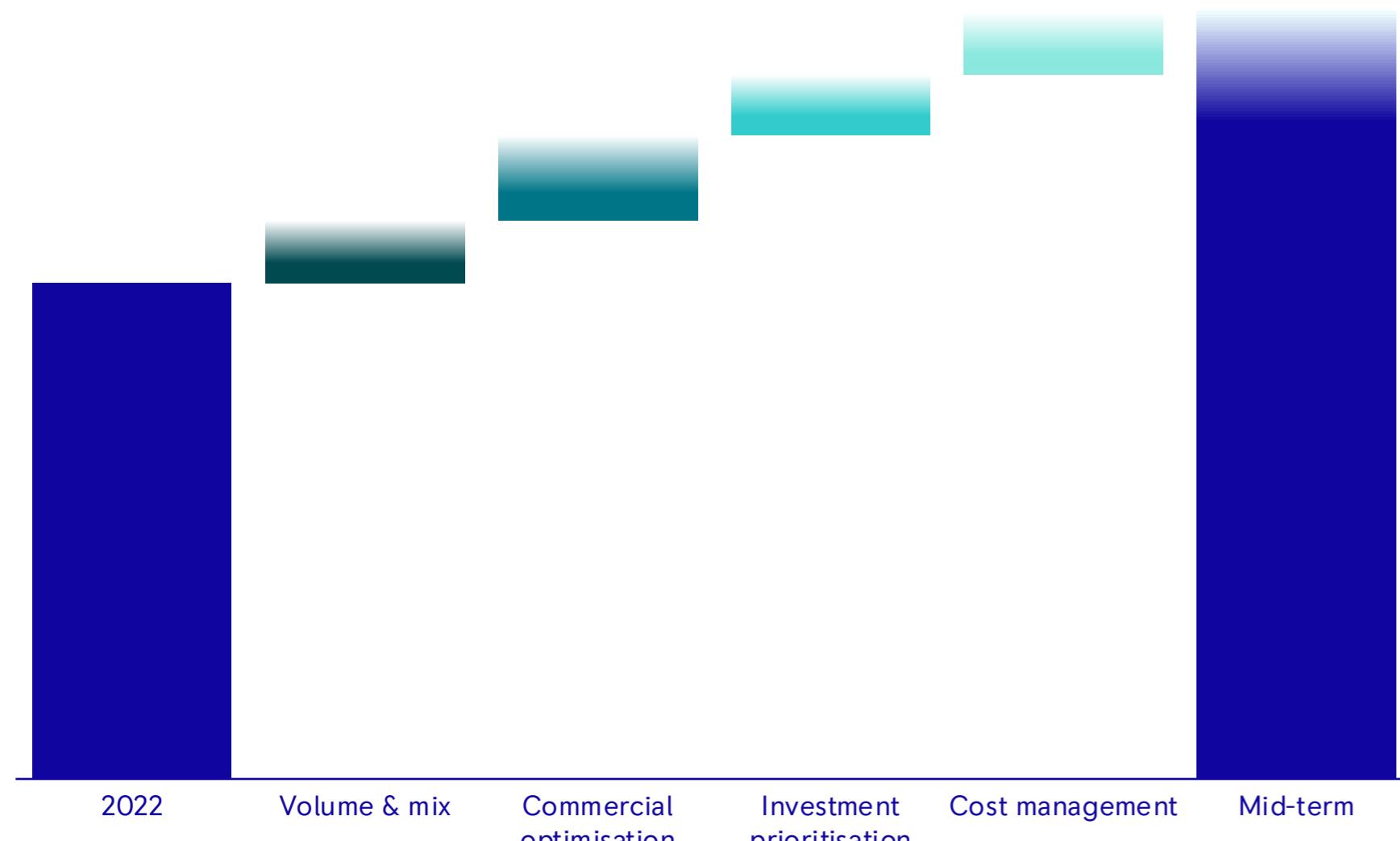
Key drivers of operating profit improvements

CMD
R 23

Defence operating profit improvements (£bn)

14-16%

Operating margin mid-term target



VOLUME & MIX

- Moving from legacy to new, funded programmes
- Profitable aftermarket volume growth

22%

Increase in
AE shop visits

COMMERCIAL OPTIMISATION

- Mitigating external impacts with regular contractual updates enabling value recognition & risk mitigation

All

Material contracts
renew in medium term

INVESTMENT PRIORITISATION

- Prioritising spend for strategic markets
- Pursuing customer-funded programmes

150%

Increase in
customer-funded R&D

COST MANAGEMENT

- Simplifying the organisation
- Managing efficiencies across the business

30%

Improvement
in TCC/GM

LONG-TERM GROWTH MOMENTUM

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

CMD
R 23

TRANSPORT

COMBAT

SUBMARINES

RECENT WINS

Future Long Range Assault Aircraft (FLRAA)



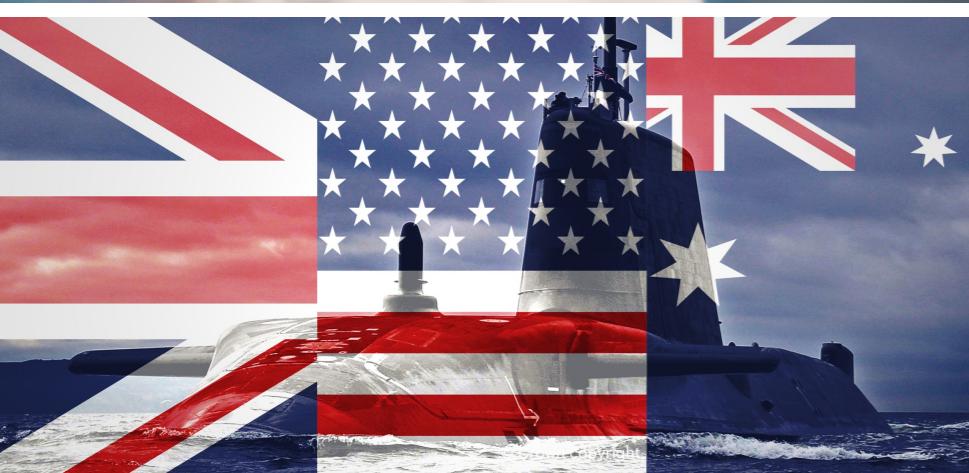
FUTURE OPPORTUNITIES

Grow market share by leveraging FLRAA position for additional Transport & Patrol opportunities

Global Combat Air Programme and B-52



SSN-AUKUS for UK Royal Navy and Royal Australian Navy



Grow in existing and new markets by developing next-gen technologies and pursuing autonomous platform opportunities

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

CMD
R 23

Operating margin
14-16%
taking focused actions



Transforming
to enhance business
performance

Strong positions
and recent wins
in stable markets



Delivering
mission-critical power
and services