



DEFENCE



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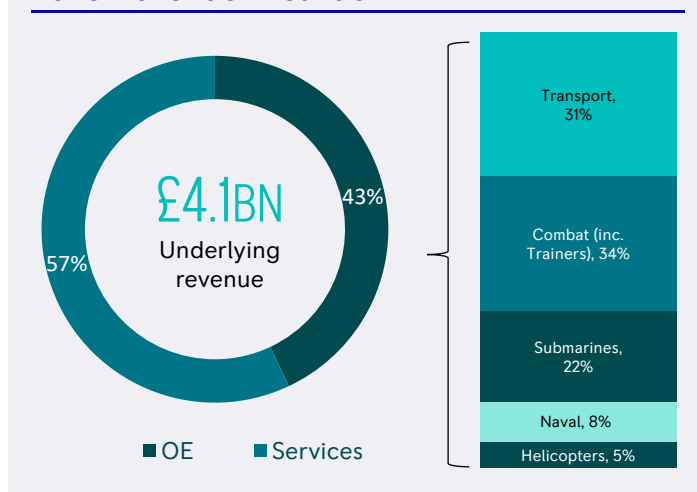
OVERVIEW

Defence is a market leader in aero engines for military transport and patrol aircraft, alongside strong positions in combat and trainer applications. It has significant scale in naval and designs, supplies and supports the nuclear propulsion plant for all of the UK Royal Navy's nuclear submarines.

We continue to be a trusted and key supplier to governments in the provision of defence power for the protection of society, preservation of peace and in underpinning economic and social stability. We operate with integrity in a tightly regulated and closely controlled industry in the provision of defence power. We remain long-term partners in the development, manufacture and maintenance of countries' defences, as we power critical military assets that deter threats and save lives.



2023 Revenue Breakdown



RECENT WINS

A renewed focus on defence readiness and force regeneration is underpinning the long-term success of our Defence business and will underpin new contract wins to provide robust value to the Group over many decades.

TRANSPORT

Future Long Range Assault Aircraft

COMBAT

Global Combat Air Programme & B-52

SUBMARINES

SSN-AUKUS for UK Royal Navy & Royal Australian Navy

>16,000

Engines in service

£562M

EBIT

13.8%

EBIT%

£5.2BN

Order intake

£9.2BN

Order backlog

MID-TERM TARGETS

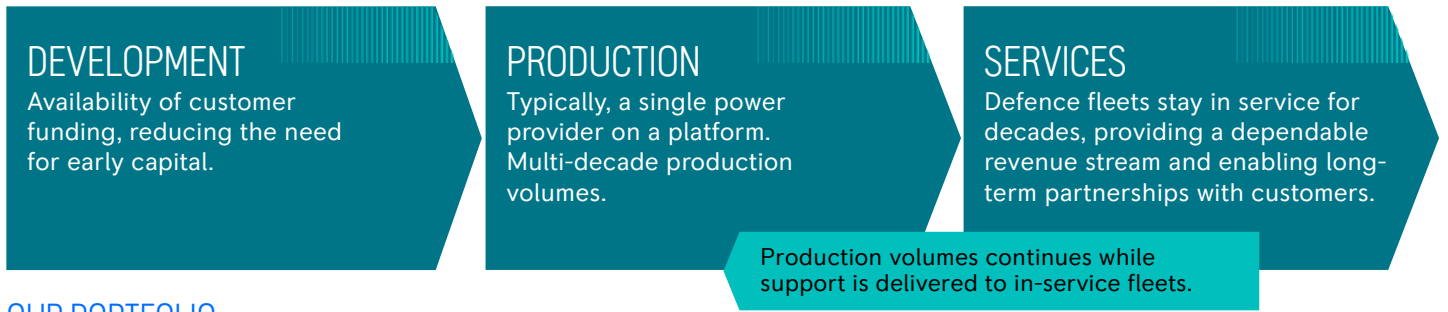
At our Capital Markets Day in November 2023, we set divisional mid-term targets for operating margin. These targets are based upon our expectations for a 2027 timeframe. We expect a progressive, but not necessarily linear, improvement year-on-year, and if we can accelerate the achievement of our ambitions we will.

14-16%

Defence mid-term target for operating margin



OUR PROGRAMME LIFECYCLE



OUR PORTFOLIO

Development and continued production

A strong and resilient business, operating in five core markets in which we have robust market positions and a broad portfolio of products.

AE 1107	AE 3007	EJ200	F130	GCAP
Production: V-22 Osprey Dev: US Army Future Long Range Assault Aircraft	Production: Global Hawk/Triton Dev: MQ-25 Stingray	Typhoon – Partner nations & export	B-52	Partner nations (UK, Italy & Japan) platforms and exports
V-22 Osprey: 15+ years in service FLRAA EIS: Early 2030s	Global Hawk: 20+ years in service	20 years in service	EIS: Late 2020s	EIS: 2035

Transport	Combat
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Service Portfolio

T56	AE 2100	TP400	LiftSystem®	Adour	Subs	Naval	M250
Production: E-2D Service: C-130	Production: C-27J Service: Saab 2000 / C-130J	A400M	F-35B Lightning II	Production: Hawk Service: Hawk / Jaguar	PWR1 / PWR2	Marine gas turbines, propellers & handling systems	Various civil applications; Bell / Northrop Grumman
60+ years in service	30+ years in service	10 years in service	10+ years in service	55 years in service	60 years in service	Marine Spey: 40+ years in service	60+ years in service

OUR CUSTOMERS

US DoD
-50%

UK MOD
-30%

Export
-20%

160

Customers

103

Countries

60+

YEARS

T56 engines in service

THE AE FAMILY SUCCESS

1 Defence Core

4 Formats

16 Served Platforms