

GKN Aerospace owner Melrose brushes off supply chain issues as it eyes profit targets

Melrose Industries has confirmed that it is on course to meet its impending profit targets, despite the widespread supply chain issues affecting the aerospace sector.

The [Birmingham](#)-based manufacturer announced this morning that it anticipates an adjusted operating profit of between £550m and £570m this year, and £700m in 2025, as reported by [City AM](#).

In a market update, Melrose highlighted a seven per cent year-on-year increase in revenue, propelled by a 17 per cent surge in its Engines division. Major planemakers Airbus and Boeing, among other aerospace manufacturers, have found it challenging to meet the significant post-Covid demand surge from their airline clients due to persistent supply chain problems.

To date, shares in Melrose have fallen by 12.46 per cent. "It's encouraging that we remain on track to deliver on our full year expectations, despite the industry-wide supply chain challenges," stated Chief Executive Peter Dilnot.

"This reflects the strength of our businesses and the balanced position we have with our aftermarket offsetting original equipment headwinds."

On Monday, Melrose said it expects its cash flow position to "improve significantly" next year, following the completion of several restructuring programmes and the resolution of a major manufacturing issue related to the powdered metal used in some of its geared turbofan (GTF) engines.

Dilnot stated: “As we move into 2025, we enter a period of significant and sustained growth in our cash flow for many years ahead. I am confident that Melrose’s established capabilities, technology leadership, and unique position on the world’s leading aircraft and engines will create substantial value in the future.”

Aarin Chiekrie, an equity analyst at Hargreaves Lansdown, pointed out that Melrose’s Structures division, responsible for constructing the body and wings of planes, had slightly marred performance, with revenue only increasing by one per cent over the period.

“This side of the business has been held back by the planned exit of non-core work and customer destocking in the period.” He further commented: “Production troubles at Airbus and quality issues at Boeing have also dented timelines. There’s not a great deal Melrose can do about this supply chain issues have been a challenge for the whole industry and the problem’s likely to persist for some time.”

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