



5 July 2012

**Babcock International Group PLC  
Interim Management Statement**

Prior to today's Annual General Meeting, Babcock International Group PLC (Babcock or the Group), the UK's leading engineering support services company, is issuing the following Interim Management Statement for the period from 1 April 2012.

The 2012/13 financial year has started well. Trading across the Group is positive and, as set out in the preliminary results announcement on 15 May 2012, we remain confident of meeting our expectations for this financial year and delivering strong progress on last year.

Our markets remain buoyant. We continue to see significant opportunities being created for the Group in this economic climate, as customers seek to outsource more of their technical, engineering or training support requirements to drive increased efficiency and availability of their assets.

Reflecting the positive market environment, the strength of our market positions and our distinctive business model, bidding activity across the Group remains strong and as a result the bid pipeline has increased to £13 billion from £9.5 billion at the time of our preliminary results in May. This is driven mainly by new bidding activities within the Support Services division, in particular, the competition for the decommissioning of the Magnox and Research nuclear reactors. This contract is expected to be awarded in mid 2014.

Since the results, the order book has remained stable at around £13 billion. This provides us with excellent visibility of future revenues, with around 80% of the Group's anticipated revenue for the 2012/13 financial year currently contracted.

In addition to formal bids currently being progressed, we continue to track and discuss with customers a number of significant longer term opportunities which we expect to come to market over the next 12 – 24 months. The Marine and Technology division continues to discuss a number of naval support opportunities overseas in addition to progressing the Maritime Support Delivery Framework with the Ministry of Defence (MoD). This will provide a framework to develop our role in both HMNB Devonport and Clyde as well as a mechanism to deliver scope expansion under the Terms of Business Agreement. The Defence and Security division is well placed to benefit from opportunities in military vehicle, aircraft and equipment support and military training as they come to market.

The Group's financial position remains robust. Cash generation across the Group has remained strong through the period and as a result we have continued to pay down debt.

## **Outlook**

Babcock is well positioned to help our customers formulate cost efficient support solutions and we believe the current economic climate will continue to create significant medium and long-term growth opportunities both in the UK and overseas.

Strengthened by major contract wins in 2011/12, the Group has excellent visibility of future revenue streams through its solid order book and growing bid pipeline. This reinforces the Board's confidence of meeting its expectations for this financial year and delivering strong progress on last year.

- Ends -

## **Enquiries**

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A conference call for analysts and investors will be held at 8.00 am on 5 July 2012. Details are set out below. An audio webcast of the call will be available to play back on [www.babcockinternational.com/investors](http://www.babcockinternational.com/investors)

## **Participant Access Details**

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