



3 April 2013

Babcock International Group PLC Pre-close trading statement

Babcock International Group PLC (Babcock or the Group), the UK's leading engineering support services company, issues the following update on trading for the year ended 31 March 2013. The Group's full year results will be released on Tuesday 14 May 2013.

Overview

The Group traded well throughout the 2012/13 financial year. The full year financial results will be in line with our previous expectations and will show strong progress on the previous year. As anticipated, net debt will be approaching 1.5 times ebitda at the year end.

Across our businesses, market conditions have been positive. In both our civil and military markets, a number of significant transformation and investment programmes are being progressed. As a result, bidding activity remained high throughout the year and we continue to track significant new outsourcing opportunities.

Order book and bid pipeline

The order book has remained stable at c £12 billion. Since the half year results in November 2012, we have won or are preferred bidder on contracts valued at over £1 billion. Contracts at preferred bidder stage will transfer into the order book as final contract signature is completed over the next few months. These include:

- Preferred bidder announcements on contracts for ground fleet maintenance for British Airways and baggage handling systems operations and maintenance for Heathrow Airport Limited. Both contracts are for 5 years, with a two year option to extend the baggage handling contract, with a combined total contract value of c £440 million.
- Preferred bidder for the design, supply and delivery of two boat sets of weapon handling and launch equipment for an international customer, expected to be worth in the order of £100 million.
- Design and engineering support and equipment procurement contracts, in the UK and internationally, for the Marine and Technology division totalling c £50 million. These include early wins in the recently acquired LGE Process business.

Discussions with the Ministry of Defence relating to the Maritime Support Delivery Framework (MSDF) contract are continuing positively. As the new arrangements are expected to become operational later in the financial year, the existing Warship Modernisation Initiative contracts at HMNB Devonport and Clyde have been extended for a further year from 1 April 2013. There are no financial implications from this extension other than an increase in the order book of £100 million.

The bid pipeline has increased to £15.5 billion from £14 billion announced on 31 January 2013. The most significant addition to the pipeline is the Logistics and Commodities Services Transformation (LCST) contract, being bid by the Defence and Security division in a joint venture with DHL. We have been tracking this opportunity for around 18 months and expect the formal competitive process to run into 2015. We continue to see other opportunities for Defence and Security moving closer to a formal competitive process.

Outlook

The scale of our order book continues to provide excellent visibility of future revenue streams across the Group. This position is further strengthened by the medium to long-term growth opportunities which continue to flow into tracking and then into the bid pipeline.

We remain well positioned to help our customers develop cost efficient support solutions and we believe the current economic climate will continue to create significant medium and long-term growth opportunities for the Group, both in the UK and overseas.

Ends

Enquiries

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Conference call

A conference call for analysts and investors will be held at 8.00 am this morning, access details below

Dial in number 0203 139 4830

Toll-free number 0808 237 0030

Participant PIN 89578968#

An audio-cast and replay details of the call will be available at

www.babcockinternational.com

Future announcements

Babcock will announce its full year results for the year ended 31 March 2013 on Tuesday 14 May 2013.