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13 July 2017

Babcock International Group PLC (Babcock or the Group) Annual General Meeting Trading Update

Prior to today's Annual General Meeting, Babcock, the engineering services company, is issuing the following trading update for the period from 1 April 2017.

Overview and outlook

The financial year has started well, with the Group trading in line with our expectations and the outlook for the year unchanged. Since the full year results announcement on 24 May 2017, visibility has continued to improve, with around 82% of revenue now in place for 2017/18 and 55% for 2018/19. The order book and bid pipeline of opportunities have remained stable at around £19.0 billion and £10.5 billion respectively following contract wins, and the tracking pipeline remains buoyant, providing confidence in our ability to grow in line with our expectations this year and over the medium term.

Operational Review

The Group has continued to make progress over the last seven weeks, with work proceeding as expected on our long-term contracts. Awards since the start of the financial year include a new contract, worth up to £500 million, to operate a fleet of specialist fixed-wing aircraft for the Norwegian Health Service from summer 2019. We were also formally awarded and have begun mobilisation to deliver all four elements of a MOD programme to become the Marine Systems Support Partner and Systems Technical Authority for the Royal Navy's new Queen Elizabeth Class Aircraft Carriers and Type 45 Destroyers, expected to be worth in excess of £360 million over seven years. Our joint venture with the Oman Drydock Company has formally begun with the provision of support to vessels including US Navy ships.

Other contracts awarded since the start of the financial year include further work on the nuclear submarine decommissioning demonstrator project and the renewal of a number of Emergency Services aviation contracts, including two Helicopter Emergency Medical Services contracts in Queensland, Australia. We have renewed two apprentice training contracts in the UK, and our Marine business has expanded its in-service support footprint in Canada.

Financial position

The Group continues to maintain a healthy financial position. As previously indicated, we expect to further reduce debt during the second half of 2017/18 and achieve a net debt to EBITDA ratio of around 1.6 times by the end of the year.

Ends

Enquiries

Babcock International Group PLC
Franco Martinelli
Kate Hill

020 7355 5300

FTI Consulting
Andrew Lorenz
Nick Hasell

020 3727 1340