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Half Year Results

for the six months ended 30 September 2016

22 November 2016

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Agenda

Introduction	**Archie Bethel**
Financial and operational review	**Franco Martinelli**
Solid delivery, clear visibility	**Archie Bethel**
Questions	**Archie Bethel** **Franco Martinelli** **Bill Tame** **John Davies** **Roger Hardy** **John Howie**

Solid on-target delivery

Delivering growth through continued performance

- existing contracts performing well: controlled programmes delivering as planned
- £2 billion order intake in period

£20 billion order book guarantees future revenue

- 93% of revenue in place for FY17; 63% for FY18
- stable win rates: over 40% new bids, over 90% rebids

Continuing demand for our services

- £10.8 billion bid pipeline of opportunities where formal bidding process underway
- £3 billion of new entries into bid pipeline
- strong tracking pipeline of opportunities underpins longer-term growth

Maintaining focus on shareholder value

- 8% increase in EPS
- 8% increase in free cash flow
- 7% increase in interim dividend

An established strategy that works

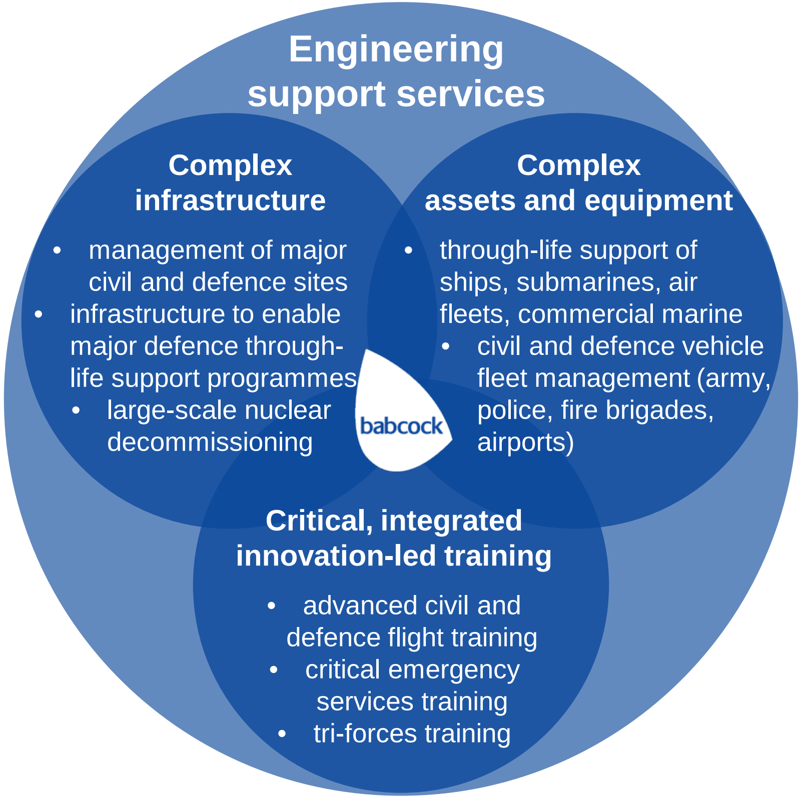
- an *engineering* support services company
- long-term contracts in non-cyclical markets:
  - defence
  - critical civil markets, eg emergency services
  - civil nuclear
- focused on our areas of expertise: complex, critical, technical
- long-term partnerships with customers
- only taking those risks we understand and can manage
- clear governance of contracts from bid to completion
- continued demand for the services we provide

Focused on our areas of expertise

Our business model and strategy built around our 'trusted to deliver' reputation, sets us apart from others in our markets.

We specialise in delivering engineering support services that are complex, critical and bespoke

We combine engineering and technical expertise into through-life integrated solutions



Group-wide capabilities

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Our core capabilities span across the Group

We design, build, operate, manage complex infrastructure and programmes

We support and operate critical equipment and assets for availability

We provide technical training for all three services, emergency services, pilots, nuclear scientists, engineers, and apprentices

Complex Programmes	Babcock Group			
	M&T	D&S	SSD	Int
Infrastructure	✔		✔	
Aviation		✔		✔
Marine	✔			
Land		✔	✔	✔
Training	✔	✔	✔	✔

Group-wide technology
supports and enhances our success

Deep technical understanding of the systems and equipment that make up our customers' complex assets and underpin our services

Data management and analytics capability enables efficient support and utilisation of assets

Systematic understanding of risk and resilience, in both physical and information systems, is enabled by our internal technology consultancy group

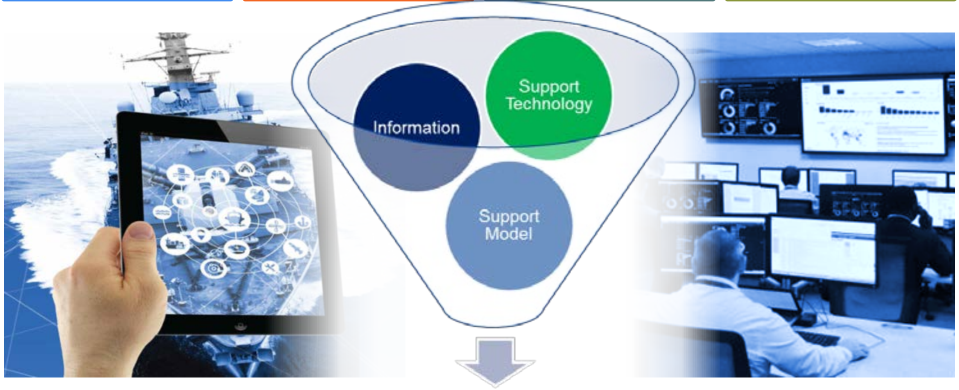
Forecasting demand for availability, planning for through-life equipment support and availability

Technical innovation driving training offering and efficiency

- advanced simulation training platforms
- performance monitoring across programmes

Expertise and knowledge sharing throughout pre-tender, bidding and contract delivery

Marine and Technology	Defence and Security	Support Services	International



Innovative Support

>90% **Re-bid win rate**

>40% **New bid win rate**

Proven management team

Over 70 years' combined experience of growing the Group

Babcock International Group
Chief Executive, Archie Bethel

Marine and Technology
John Howie

- Naval Marine
- Energy and Marine Services
- Technology
- International

Defence and Security
Roger Hardy

- Air
- Land
- Sea
- Infrastructure

Support Services
John Davies

- Managing critical assets
- Delivering complex programmes
- Teaching vital skills

International
Bill Tame

- Mission Critical Services
- Africa
- Middle East

Group Finance Director
Franco Martinelli

- Finance
- IT
- Security
- Corporate Development

Financial and operational review

Franco Martinelli - Group Finance Director

Group financial highlights

Headline
- +6% growth in revenue
- +7% growth in operating profit

Organic growth at constant exchange rates
- +4% growth in revenue
- +7% growth in operating profit

Cash
- free cash flow increasing: +8%
- cash conversion (pre capex): 108%
- cash conversion (post capex): 79%

EPS
- +8% growth
- +7% interim dividend growth

Net debt
- net debt to EBITDA stable at 2.0x

Income Statement

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Growth: +6% revenue; +7% operating profit
- Defence and Security and Marine and Technology: good growth better than expected
- Support Services and International: stable

Organic growth at constant exchange rates
- +4% revenue - FX effect: £38.8m
- +7% operating profit - FX effect: £6.6m

Stable margins: 10.8%
- Marine and Technology improving
- Support Services stable
- International and Defence and Security slightly lower

Profit before tax increased by 7%
- JV interest increased as expected

Profit after tax increased by 7%
- tax rate 17.3%

EPS increased 8%
- 6% at constant FX

	H1 16/17 (£m)	H1 15/16 (£m)	Change
Total revenue	**2,492.8**	2,349.2	+6%
Operating profit	**269.7**	253.0	+7%
Operating margin	***10.8%***	*10.8%*	
Profit before tax	**228.4**	213.6	+7%
Profit after tax	**188.9**	177.3	+7%
EPS	**37.2**	34.5	+8%
Interim dividend	**6.50p**	6.05p	+7%

On an underlying basis

Marine and Technology

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Continuing growth

- +7% revenue (+6% organic revenue*)
- +15% operating profit
- contract performance drives margin improvement

Good progress on contracts

- continued strong performance in naval marine business
  - Vanguard Class: first life extension on track
  - ramp-up of T23 life extension programme
- won further contract for joint UK-US missile tube £1bn programme
- new MOD equipment management contracts phasing in
- new c £50m contract to build fourth OPV for Irish Naval Service
- new offshore transmission wind farm contract from Siemens
- ANZAC Class Surface Ship Alliance began operations 1 July

FY17 Outlook

- ongoing progress despite lower QEC volumes in H2

Marine and Technology		H1 16/17 (£m)	H1 15/16 (£m)	Change
Revenue	total (incl. JVs)	**855.8**	803.0	+7%
	JVs	**17.0**	10.2	+67%
Operating profit	total (incl. JVs)	**99.6**	86.4	+15%
	JVs	**4.7**	1.5	+213%
Operating margin	total (incl. JVs)	**11.6%**	10.8%	
	JVs	**27.6%**	14.7%	

On an underlying basis

** at constant exchange rates*

Defence and Security

Strong performance
- +16% revenue (+15% organic revenue*)
- +9% operating profit
- margin reduced: impact of DSG procurement work

Good progress on contracts
- c £1 billion of UK Military Flying Training System contracts awarded and underway (Fixed Wing, Rotary Wing, Rear Crew extension)
- DSG additional procurement work going well and milestones achieved, working on 12 demonstration vehicles for the Warrior Capability Sustainment Programme
- Phoenix II: implementation of new fleet management system
- strong operational performance on both Hawk support contracts
- two-year extension of contract to support British Forces Germany
- renewed army training and maintenance contracts
- final AirTanker delivered on schedule – dividends next year

FY17 Outlook
- continued strong performance driven by UKMFTS and DSG procurement

Defence and Security		H1 16/17 (£m)	H1 15/16 (£m)	Change
Revenue	total (incl. JVs)	**468.5**	404.0	+16%
	JVs	**46.1**	42.4	+9%
Operating profit	total (incl. JVs)	**65.9**	60.6	+9%
	JVs	**23.9**	22.7	+5%

Operating margin	total (incl. JVs)	**14.1%**	15.0%
	JVs	**51.8%**	53.5%

On an underlying basis

* *at constant exchange rates*

Support Services

Maintained position
- flat revenue and operating profit
- stable margin (£7.5m Lewisham profit on sale H1 2015/16)

Steady progress across the division
- nuclear decommissioning contracts performing to plan
  - NDA expected to formally agree Magnox scope growth in 2017
- Met Police: detailed discussions continue, new contract including scope growth expected to start FY18
- high activity levels in network engineering business
- emergency services contracts performing well
- strong operational performance in airports business, with increased scope of existing contracts and support for international expansion
- some weakness in training, delays in nuclear project business and mining and construction operations flat

FY17 Outlook
- growth for FY impacted by H2 weighted scheduled reduction in Magnox/Dounreay revenue, offset by other businesses

Support Services		H1 16/17 (£m)	H1 15/16 (£m)	Change
Revenue	total (incl. JVs)	**731.1**	729.4	-
	JVs	**252.4**	253.2	-
Operating profit	total (incl. JVs)	**48.3**	47.4	+2%
	JVs	**17.5**	9.2	+90%

Operating margin	total (incl. JVs)	**6.6%**	6.5%
	JVs	**6.9%**	3.6%

On an underlying basis

International

Maintaining position:
- +6% revenue growth (organic revenue -1%*, organic MCS +3%*)
- -1% operating profit

Progress in contract awards, environment remains challenging
- MCS awarded 31 contracts
- strong air ambulance performance: successful start of Ambulance Victoria and new contracts in Northern Ireland and France
- new UK wind farm support contract
- some weakness in firefighting and decline in civil protection work
- Oil & Gas business impacted by Super Puma (H225) grounding
- awarded two new oil and gas crew support contracts starting in H2
- airport ground support fleet: new Qantas contract expected to be fully operational in FY18; Alitalia contract performing well
- downturn in South African equipment market, but continuing to grow market share
- South African power business performing well

FY17 Outlook
- MCS: new O&G contracts expected to offset H225 impact
- South Africa: growth in power generation in H2 driven by full order book expected to offset mining and construction headwinds

** at constant exchange rates*

International		H1 16/17 (£m)	H1 15/16 (£m)	Change
Revenue	total (incl. JVs)	**437.4**	412.8	+6%
	JVs	**4.2**	4.0	+5%
Operating profit	total (incl. JVs)	**61.2**	61.6	-1%
	JVs	**1.6**	1.5	+7%

Operating margin	total (incl. JVs)	**14.0%**	14.9%
	JVs	**38.1%**	37.5%

On an underlying basis

Cash conversion

Cash conversion as expected
- 108% pre capital expenditure
- 79% post capital expenditure

Working capital
- significant cash flow driven by contract milestones

Provisions
- net release of £4.4m
- cash outflow of £16.6m

Net capex 1.4x depreciation

Outlook FY17
- capex to depreciation c 1.5x
- cash conversion: >100% pre capex, c 80% post capex
- provision cash outflow c £30m
- working capital outflow c £25m

Cash flow	H1 16/17 (£m)	H1 15/16 (£m)
Operating profit	**221.5**	217.4
Amortisation and depreciation	**45.8**	42.1
Other non-cash items	**6.6**	8.0
Working capital (excluding retirement benefits and provisions)	**(19.0)**	(20.9)
Provisions	**(16.6)**	(2.2)
Operating cash flow*	**238.3**	244.4
Cash conversion	***108%***	*112%*
Capital expenditure (net)	**(63.9)**	(85.2)
Operating cash flow after capital expenditure	**174.4**	159.2
Cash conversion after capital expenditure %	***79%***	*73%*
Capital expenditure: Deprecation	**1.4**	2.0

** before retirement benefit payments in excess of income statement*

Net cash flow

Dividends from joint venture increase to £10.4m

Cash tax payments reflect R&D tax receipts delay

Free cash flow

- pre excess pension payments £128.2m (+8%)
- post excess pension payments £127.5m (+8%)
- free cash flow yield 6.1% (HY 15/16: 6.6%)

Outlook FY17

- pension contributions in excess of income statement c £40m expected

Cash flow	H1 16/17 (£m)	H1 15/16 (£m)
Operating cash flow after capital expenditure	**174.4**	159.2
Interest paid (net)	**(23.4)**	(22.7)
Taxation	**(33.2)**	(25.0)
Dividends from JVs	**10.4**	7.3
Free cash flow pre pensions	**128.2**	118.8
Pensions contributions in excess of income statement	**(0.7)**	(1.2)
Free cash flow post pensions	**127.5**	117.6
Dividends	**(100.4)**	(92.9)
Other	**(89.8)**	(14.8)
Net cash inflow/outflow	**(62.7)**	9.9
Opening net debt	**(1,228.5)**	(1,325.6)
Closing net debt	**(1,291.2)**	(1,315.7)

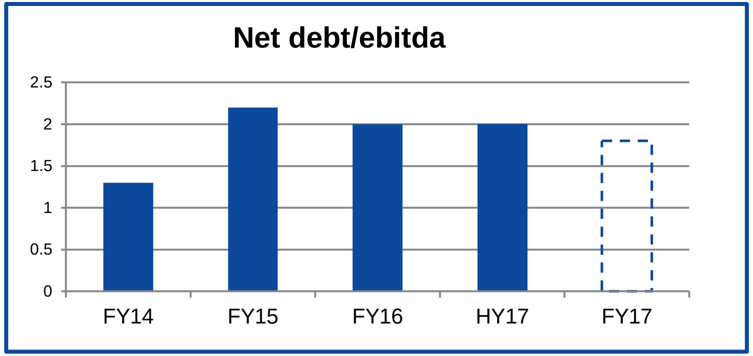
Net debt

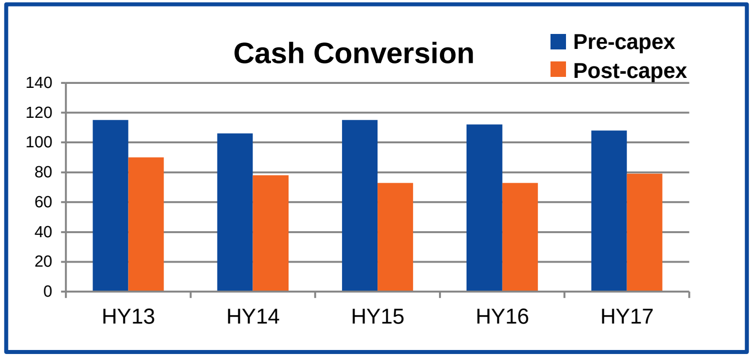
Net debt increased by £63m
- FX impact: £65m
- final dividend: £100m paid in first half
- net debt to EBITDA ratio stable at 2.0x
- FY17 expected: c 1.8x at September exchange rates

Capital expenditure FY17: 1.5x depreciation
- MCS capital expenditure: c £40m pa
- marine infrastructure: c £45m pa

Leverage level actively managed
- provides robustness in changing environment
- enables business to take advantage of financing opportunities
  - recent £250m corporate bond placement at c 2% interest

Proven track record of successfully deleveraging following major acquisitions





Accounting: understanding the business

Underlying numbers provide a consistent measure of business performance year to year thereby enabling comparison and understanding of Group financial performance

Underlying adjustments:
- JVs
- IFRIC 12
- acquired intangibles
- net capital expenditure

Business judgements:
- pensions
- provisions

Accounting: underlying adjustments

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30 Sept 16	Continuing operations – statutory (£m)	JV and associates (£m)	IFRIC 12 income (£m)	Amortisation of acquired intangibles (£m)	Tax rate change	Continuing operations – underlying (£m)
Revenue	2,173.1	319.7	-	-	-	2,492.8
Operating profit	165.6	32.7	15.5	55.9	-	269.7
Share of profit from JV	25.6	(13.5)	(15.0)	2.9	-	-
Investment income	0.5	-	(0.5)	-	-	-
Net finance costs	(28.2)	(13.1)	-	-	-	(41.3)
Profit before tax	163.5	6.1	-	58.8	-	228.4
Tax	(19.4)	(6.1)	-	(13.1)	(0.9)	(39.5)
Profit after tax	144.1	-	-	45.7	(0.9)	188.9

- JVs
- IFRIC 12
- amortisation of acquired intangibles
- no exceptional items
- tax rate change

Joint ventures

Joint ventures represent 15% of underlying revenue and 18% of underlying profit (FY16 14% & 13% respectively)

Operational joint ventures

- dividends follow profits – subject to short-term phasing (Magnox to increase in 2017/18)

Asset joint ventures

- dividends follow after paying down JV debt
- first Ascent dividend received £1.5m in September
- AirTanker LTD: final aircraft delivered
  - first dividend FY18

Asset JVs		Operational JVs	
Holdfast	74%	Cavendish Fluor Partnership LTD	65%
ALC	50%	Cavendish Dounreay Partnership LTD	50%
Ascent	50%	Naval Ship Management Australia	50%
Helidax	50%	ABC Electrification	33%
AirTanker LTD	13%	AirTanker Services	23%

Total dividends for FY17: > £25m

	H1 16/17 (£m)		H1 15/16 (£m)	
	Asset JV	Operational JV	Asset JV	Operational JV
Operating Profit	**10.0**	**22.7**	8.5	11.5
IFRIC 12	**15.0**	**-**	14.9	-
Total underlying profit	**25.0**	**22.7**	23.4	11.5
Finance costs	**(13.1)**	**-**	(10.0)	-
Profit before tax	**11.9**	**22.7**	13.4	11.5
Tax	**(1.4)**	**(4.7)**	(1.6)	(2.6)
Profit after tax	**10.5**	**18.0**	11.8	8.9
Dividends	**4.5**	**5.9**	4.0	3.3

Managing pensions

Interest rate hedging limited impact of falling bond yields
Inflation rate and longevity hedging reduces volatility

- funding deficits hedged
  - objectives of hedging is to limit funding deficit volatility
- c 75% hedged against interest rates and inflation
- corporate AA bond yield change gives IAS19 deficit risk
- non Group schemes have £30m deficit increase (mainly Rail)

Income statement effect FY18

- dependent on conditions as at March 2018

	30 Sept 16	31 Mar 16	30 Sept 15
Assets (£m)	**4,637.5**	**3,824.8**	3,766.3
Obligations (£m)	**(4,898.6)**	**(4,027.9)**	(3,879.1)
Net deficit (£m)	**(261.1)**	**(203.1)**	(112.8)

Income statement	30 Sept 16	30 Sept 15
Operating profit (£m)	**19.8**	23.2
Net interest costs (£m)	**3.2**	2.6
Total (£m)	**23.0**	25.8

Key assumptions	30 Sept 16	30 Sept 15
Discount rate	**2.4%**	3.8%
Inflation (CPI)	**3.1%**	3.0%

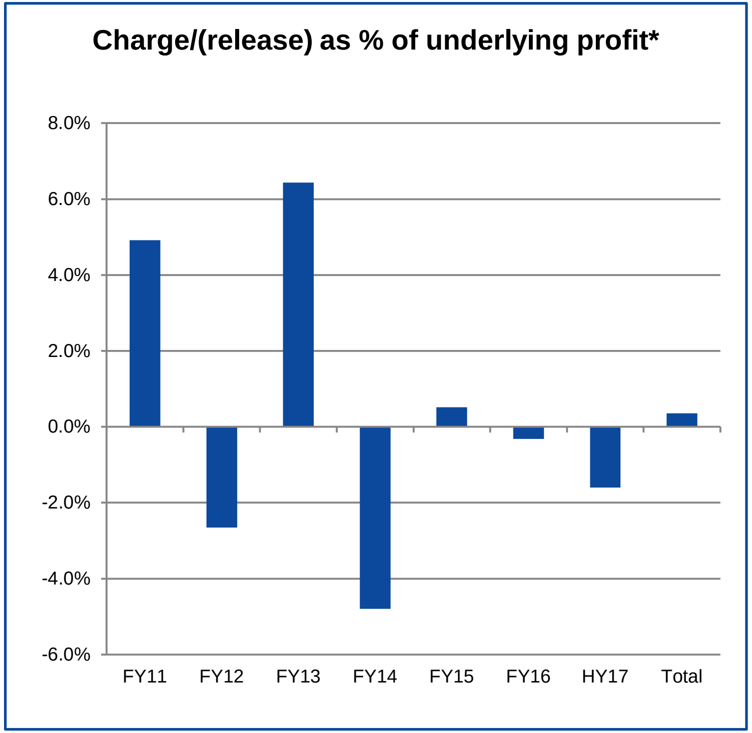
Provisions

Half year net release £4.4m
- including: income tax case in Australia and early cancellation of onerous operating lease
- average of last six and a half years underlying operating profit*
  - less than 1% cumulative net charge as a % of underlying profit
  - 6% cash utilisation

Half year: £16.6m cash outflow - largely as expected
- utilised: contracts (gain share and warranty), personnel (taxation and reorganisation), property and assets
- utilisation c £6m pa on Avincis (MCS) operating leases
- FY17 outflow expected to be c £30m

Provisions made as required by accounting standards
- contract costs, property, personnel, warranty, onerous leases, acquisition, disposals

Reflect our business as an engineering services company
- lower provision level than an engineering company or manufacturer
- higher provision level a non-engineering support services business



** excluding JVs , see appendix*

Order book and bid pipeline

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Order book maintained at £20 billion

£2 billion order intake in period from:

- new contracts
- organic growth within existing contracts, eg Dounreay, DSG

£0.3 billion of revenue not through pipeline

Clear revenue visibility

- 93% for FY17
- 63% for FY18

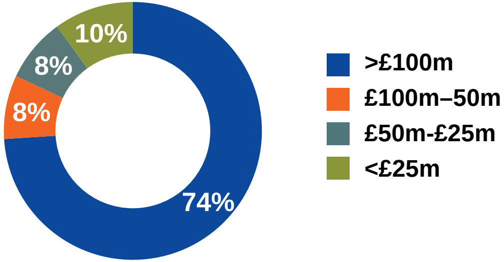
£10.8 billion bid pipeline provides further opportunities for growth

- £3 billion of opportunities added to the bid pipeline
- bid and tracking pipelines provide excellent visibility of growth opportunities over next 3 years

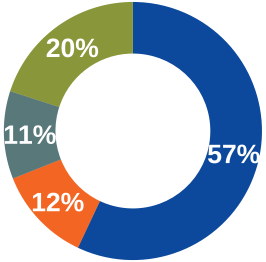
Group win rates continue to be stable

- new bids over 40%
- rebids over 90%

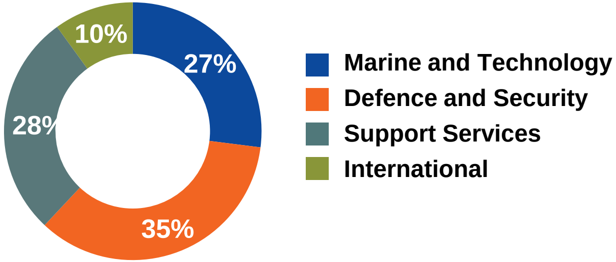
Order book by value



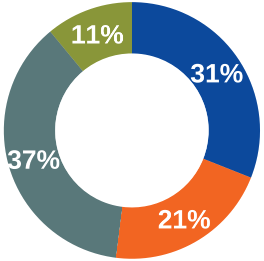
Bid Pipeline by value



Order book by division



Bid Pipeline by division



Solid delivery, clear visibility

Archie Bethel, Group Chief Executive

A strategy for growth

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Growth in UK markets

UK's SDSR: committed to **investment in multi-year programmes** and the life extension of existing platforms and in a whole-force approach

Continued drive for efficiency in the management of civil sector's assets and fleets, including in technical training.

UK has **approved the first new nuclear site** with more expected to come to meet the need for base load power. Nuclear decommissioning needs are increasing.

Platform transitions, marine and army, eg T23-T26, Challenger and Warrior, Vanguard-Dreadnought, Trafalgar-Astute

Training transformation: tri-service and apprenticeships

Developing international markets

Increasing openness to output-based contracting which delivers proven efficiencies in both cost and availability, eg Alitalia, Qantas

Increasing investment in multi-year defence programmes requiring through-life asset support, eg Australia, Canada

Growing use of air ambulances in countries developing health infrastructure around access to specialist hospitals

Increasing global alliances – trusted partners being asked to support customers in new geographies, eg Oman, Ghana, Mozambique

Referencing proven UK delivery sites: airports, emergency services, fleet management, defence, training

Babcock: established delivery positions in a changing environment

Growing our international markets

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Babcock business model

- *specialisation is key*
- *‘hand in glove’* with the customer
- moving towards ‘availability’ output based contracts
- through-life support
- sharing risk and reward
- improving performance whilst reducing cost

Marketing model overseas – ‘double sell’

Creating the market → reference cases → complexity and technical expertise → proven record of delivery → sell model → compete with others to win

Capabilities

- complex infrastructure and programmes
- complex equipment & asset management
- critical integrated innovation led training

Country focus

- Canada
- Australia
- Oman
- Spain
- Germany
- France
- Italy
- Southern Africa

FOMEDEC Contract

What it is

- provision and maintenance of training platforms and related services for the French Air Force, including:
  - a fleet of training aircraft
  - simulator platforms
  - a mission planning and debriefing system
  - critical infrastructure, including a new training facility
  - through-life asset support
- around 11 year contract duration

Status

- preferred bidder following a competitive bid process
- recommended by Direction Générale de l'Armement (DGA), acting on behalf of French Air Force, to Ministère de la Défense (MOD)
- contract award subject to successful completion of French MOD approvals process
- currently in discussions with French industrial partner and supply chain

Finance

- total revenue value to Babcock expected to be over €400 million
  - Around €200 million of which relates to short-term financing of aircraft and assets for the customer

First European defence contract success since increasing our European footprint

Changing environment

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Issue	Response
Brexit	• no specific slowdown in key markets (long-term contracts, demand continues in critical outsourcing) • international opportunities continue, potential impact on European defence opportunities • clear route for any structural changes required (eg Air Operating Certificates)
If there were to be a further Scottish Referendum	• c £900m of Group revenues in Scotland • vast majority of business expected to be unaffected: local services delivered locally • potential impact on nuclear submarines at managed naval base (c £250m), any change would present a significant revenue opportunity in long-term
SSRO	• £600-700m of sole source revenue (out of a total c £2bn defence contracts) • vast majority contracted until 2020/2025 under MSDF/ToBA contracts • currently engaging with SSRO as their thinking matures • no significant medium term impact expected
Commodities headwinds	• vast majority of Group revenue from non-cyclical business • potential to affect c £250m of revenue (South Africa equipment and MCS oil and gas)

The fundamentals of our business are unchanged

Trusted to deliver

We have a proven strategy and supporting business model

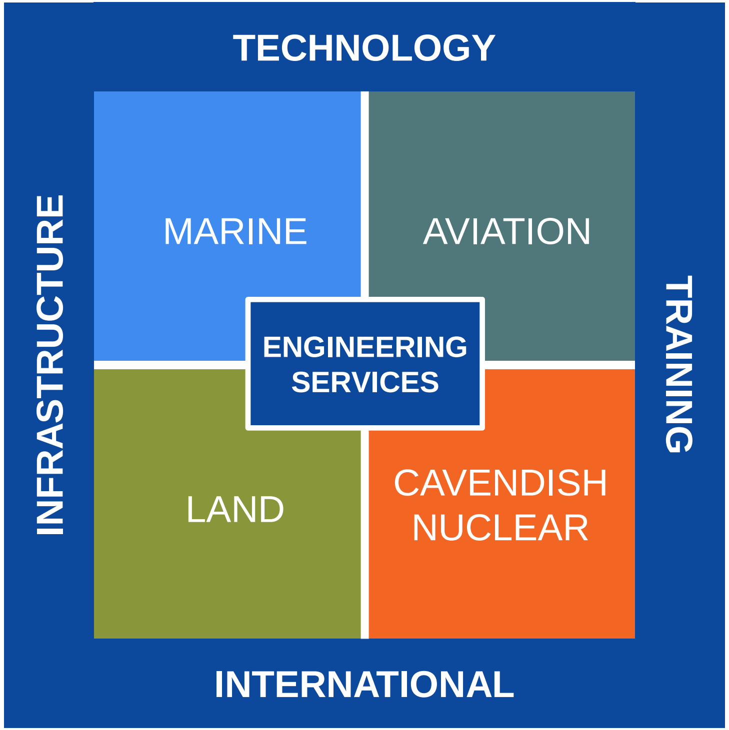
We will continue to deliver sustainable profitable growth

We are focusing on areas of core capability
- Marine, Aviation, Land Vehicles and Nuclear Engineering
- supported by expertise in Technology, Training and Infrastructure
- both in the UK and increasingly in International markets

Long-term visibility underpins future growth
- £20 billion of signed contracts in place
- £10.8 billion of opportunities in process

Our markets continue to grow
- UK markets remain positive
- our offering is gaining traction in international markets
- developing pipeline of opportunities

Despite slightly lower organic growth,
results for the full year expected to be in line



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Questions?

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Appendix

Appendix 1
Underlying segmental analysis

		Revenue (£m)		Operating profit (£m)		Operating margin (%)	
		HY 17	**HY 16**	**HY 17**	**HY 16**	**HY 17**	**HY 16**
Marine and Technology	Group	**838.8**	792.8	**94.9**	84.9	**11.3**	10.7
	JV	**17.0**	10.2	**4.7**	1.5	**27.6**	14.7
	Total	**855.8**	803.0	**99.6**	86.4	**11.6**	10.8
Defence and Security	Group	**422.4**	361.6	**42.0**	37.9	**9.9**	10.5
	JV	**46.1**	42.4	**23.9**	22.7	**51.8**	53.5
	Total	**468.5**	404.0	**65.9**	60.6	**14.1**	15.0
Support Services	Group	**478.7**	476.2	**30.8**	38.2	**6.4**	8.0
	JV	**252.4**	253.2	**17.5**	9.2	**6.9**	3.6
	Total	**731.1**	729.4	**48.3**	47.4	**6.6**	6.5
International	Group	**433.2**	408.8	**59.6**	60.1	**13.8**	14.7
	JV	**4.2**	4.0	**1.6**	1.5	**38.1**	37.5
	Total	**437.4**	412.8	**61.2**	61.6	**14.0**	14.9
Unallocated	Group	-	-	(5.3)	(3.0)	-	-
Total	Group	**2,173.1**	2,039.4	**222.0**	218.1	**10.2**	10.7
	JV	**319.7**	309.8	**47.7**	34.9	**14.9**	11.3
	Total	**2,492.8**	2,349.2	**269.7**	253.0	**10.8**	10.8

Appendix 2

Statutory to underlying reconciliation

All values in £m		Continuing operations – statutory	JV and associates			IFRIC 12 income	Amortisation of acquired intangibles	Change in tax rate	Continuing operations – underlying
			Revenue and operating profit	Finance costs	Tax				
30 Sept 16	Revenue	**2,173.1**	**319.7**	-	-	-	-	-	**2,492.8**
	Operating profit	**165.6**	**32.7**	-	-	**15.5**	**55.9**	-	**269.7**
	Share of profit from JV	**25.6**	**(32.7)**	**13.1**	**6.1**	**(15.0)**	**2.9**	-	-
	Investment income	**0.5**	-	-	-	**(0.5)**	-	-	-
	Net finance costs	**(28.2)**	-	**(13.1)**	-	-	-	-	**(41.3)**
	Profit before tax	**163.5**	-	-	**6.1**	-	**58.8**	-	**228.4**
	Tax	**(19.4)**	-	-	**(6.1)**	-	**(13.1)**	**(0.9)**	**(39.5)**
	Profit after tax	**144.1**	-	-	-	-	**45.7**	**(0.9)**	**188.9**
30 Sept 15	Revenue	2,039.4	309.8	-	-	-	-	-	2,349.2
	Operating profit	157.2	20.0	-	-	15.6	60.2	-	253.0
	Share of profit from JV	17.8	(20.0)	10.0	4.2	(14.9)	2.9	-	-
	Investment income	0.7	-	-	-	(0.7)	-	-	-
	Net finance costs	(29.4)	-	(10.0)	-	-	-	-	(39.4)
	Profit before tax	146.3	-	-	4.2	-	63.1	-	213.6
	Tax	(18.1)	-	-	(4.2)	-	(14.0)	-	(36.3)
	Profit after tax	128.2	-	-	-	-	49.1	-	177.3

Appendix 3
Exchange rate movements

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	Effect on revenue (£m)			Effect on underlying operating profit (£m)			Effect on profit before tax (£m)			Average rates for HY 15/16
Change	1%	5%	10%	1%	5%	10%	1%	5%	10%	
EUR	3.2	15.8	31.7	0.6	2.9	5.7	0.4	1.8	3.6	1.2
ZAR	2.4	12.2	24.5	0.2	0.9	1.7	0.1	0.7	1.5	19.6
SEK	0.4	2.2	4.3	0.2	0.8	1.6	0.1	0.6	1.1	11.4

Appendix 4

Cash flow reconciliation

	HY 17 £m	HY 16 £m
Cash generated from operations	**237.6**	235.7
Retirement benefit contributions in excess of income statement	**0.7**	1.2
Exceptional items	**-**	-
Profit on disposals of JVs	**-**	7.5
Operating cash flow	**238.3**	244.4

Appendix 5
Provisions

	Total/ Average	HY 17	FY 16	FY 15	FY 14	FY 13	FY 12	FY 11
P&L charged/(released) (£m)	4.1	**(4.4)**	(1.5)	2.3	(15.2)	18.3	(7.7)	12.3
Charge/(release) as % of underlying profit	0.3%	**(1.6%)**	(0.3%)	0.5%	(4.8%)	6.4%	(2.7%)	4.9%
Provision balance (£m)		**146.0**	170.9	198.3*	145.1	157.8	145.0	154.1
Provision balance as % of revenue		**3.4%**	4.1%	4.4%*	4.4%	5.2%	5.1%	6.0%
Underlying profit excluding JVs (£m)		**221.5**	468.3	445.9	317.2	284.2	290.2	250.1
Movement in provisions per cash flow (£m)		**(16.6)**	(25.1)	(14.3)	(31.3)	(11.5)	(16.0)	(16.8)
Provisions cash flow as % of underlying profit	6%	**7%**	5 %	3%	10%	4%	6%	7%

** restated post finalised DSG acquisition balance sheet*

Appendix 6

Net Capital Expenditure

	HY17 £m	HY16 £m
Purchases of disposal of property, plant and equipment	**118.4**	78.9
Purchases of intangible assets	**13.4**	10.4
Proceeds on disposal of property, plant and equipment	**(67.9)**	(20.7)
New finance leases - received	**-**	16.6
Capital expenditure (net)	**63.9**	85.2

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