



We are a leading provider of critical, complex engineering services across defence, emergency services and civil nuclear markets in the UK and increasingly internationally

**We apply our core strengths:**

- Technology and expertise
- Owned infrastructure and assets
- Successful operating model

**To solve customer challenges:**

- Maintain national security and save lives
- Sustain critical and complex assets
- Deliver critical services

**Across three focus markets:**





- Defence
- Emergency services
- Civil nuclear

**Supported by our focus strategy:**

- Build strategic partnerships with our customers
- Focus on three key markets
- Maintain and grow our UK business
- Expand internationally
- Embed technology across all businesses
- Manage adjacent markets for value
- Relentless focus on operational excellence

Delivered through our four sectors: Marine, Nuclear, Land, Aviation

**Medium term targets**

			
<b>Marine</b> Revenue CAGR <b>c.4%</b>	<b>Nuclear</b> Revenue CAGR <b>c.4%</b>	<b>Land</b> Revenue CAGR <b>c.3%</b>	<b>Aviation</b> Revenue CAGR <b>c.5%</b>
<b>3% - 4% earnings CAGR for the Group</b>			

**Capital allocation priorities**

<b>Invest in the business</b>	<b>Growth</b>	<ul style="list-style-type: none"> <li>Disciplined investment criteria to support ROIC</li> <li>Bolt-on M&amp;A if meets hurdles</li> </ul>
<b>De-gear balance sheet</b>	<b>Flexibility</b>	<ul style="list-style-type: none"> <li>Well-positioned for any environment</li> <li>Safeguard credit rating</li> <li>Additional funding for pension schemes</li> </ul>
<b>Return capital to shareholders</b>	<b>Sustained dividend</b>	<ul style="list-style-type: none"> <li>Ordinary dividend, well covered by free cash flow</li> <li>De-gearing on track and offers scope for additional returns</li> </ul>

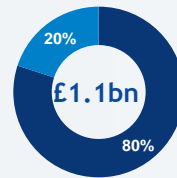
## Our sectors



### Marine

- UK and international warship through-life support
- International submarine through-life support
- UK and international weapons handling and launch systems
- Naval engineering, design, build and assembly
- Energy and Marine equipment and support

### % of FY19 revenue

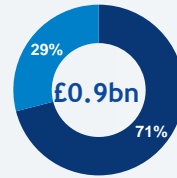


- Defence
- Energy and Marine



### Nuclear\*

- Support all UK nuclear submarines and infrastructure
- Own or manage nuclear licensed dockyards and naval bases
- Nuclear submarine dismantling
- Support the majority of UK decommissioning projects
- Civil Nuclear services, projects and new build support

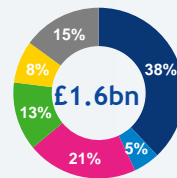


- Defence
- Civil Nuclear



### Land

- Vehicle support for over 34,000 British Army vehicles
- Technical training for over 20,000 military personnel
- Emergency Services technical training and fleet management
- South Africa power support and equipment businesses
- Rail, Power, Airports and Training businesses

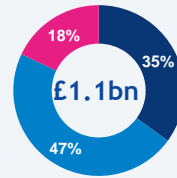


- Defence
- Emergency Services
- South Africa
- Rail and Power
- Airports
- Training and other



### Aviation

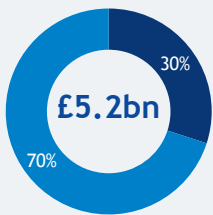
- UK and French pilot training
- Defence aircraft availability and airbase support
- Defence and Emergency Services maintenance and overhaul
- Air ambulance, search and rescue and firefighting services
- Oil and Gas crew change services



- Defence
- Emergency Services
- Oil and Gas

\*rebased to exclude Magnox contract (ends Aug 2019)

## International revenue

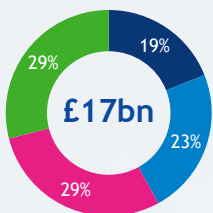


- UK
- International

Increasing to over **40%** over the medium term

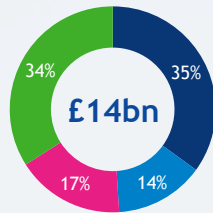
- Developing multi-sector, multi-market opportunities in Australia, Canada, France and Spain
- Aviation in Italy, Portugal and Scandinavia
- Marine in South Korea, New Zealand and Oman
- Developing Nuclear presence in Japan
- South African Land business

### Order book



- Marine
- Nuclear
- Land
- Aviation

### Bid pipeline



Pipeline includes only bids in a formal process

### 5 year financial history

Performance metrics	FY15	FY16	FY17	FY18	FY19
Underlying revenue (£bn)	4.5	4.8	5.2	5.4	5.2
Organic underlying revenue growth (%)	12	8	5	3	(2)
Underlying operating profit (£m)	519	540	575	585	588
Margin (%)	11.5	11.1	11.0	10.9	11.4
Free cash flow (£m)	224	276	283	250	324
Net debt (£m)	1,326	1,229	1,174	1,115	958

### Contact us

BabcockIR@babcockinternational.com

+44 (0)20 7355 5300

www.babcockinternational.com/investors