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:

1. Build strategic partnerships with our customers
2. Focus on three key markets
3. Maintain and grow our UK business
4. Expand internationally
5. Embed technology across all businesses
6. Manage adjacent markets for value
7. Relentless focus on operational excellence

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

Medium term targets

- Marine Revenue CAGR c.4%
- Nuclear Revenue CAGR c.4%
- Land Revenue CAGR c.3%
- Aviation Revenue CAGR c.5%

3% - 4% earnings CAGR for the Group

Capital allocation priorities

- **Invest in the business**
  - Growth
  - Disciplined investment criteria to support ROSIC
  - Bolt-on M&A if meets hurdles

- **De-gear balance sheet**
  - Flexibility
  - Well-positioned for any environment
  - Safeguard credit rating
  - Additional funding for pension schemes

- **Return capital to shareholders**
  - Sustained dividend
  - Ordinary dividend, well covered by free cash flow
  - De-gearing on track and offers scope for additional returns
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

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

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

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

International revenue

- £5.2bn (£1.1bn)
- 30% (20%)
- Increasing to over 40% over the medium term

Order book

- £17bn (£1.1bn)
- 29% (19%)

Bid pipeline

- £14bn (£1.1bn)
- 34% (35%)

5 year financial history

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

*rebased to exclude Magnox contract (ends Aug 2019)

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