

Restatement of results for the half year ended 30 September 2020 (HY21)

6 December 2021

As outlined on 30 July 2021, our full year results for the 2021 financial year included a series of presentational changes to our reporting and the results of our Contract Profitability and Balance Sheet review ('CPBS').

The presentational changes related to:

- **Treatment of JVs and associates** – single line in income statement (not in underlying operating profit)
- **IFRIC 12 investment income** – taken out of underlying operating profit
- **Three column P&L** – with underlying results, defined 'Specific Adjusting Items', and statutory results
- **Cash flow presentation changes** – capital element of lease cash flows split out in operating cash flow, exceptional cash flows no longer excluded from free cash flow

The CPBS restatements relate to the correction of errors and a change in accounting policy.

Underlying results for HY21 have been restated for these presentational changes and to include the results of the CPBS where appropriate. The restatement of statutory results will follow alongside our HY22 results announcement.

HY21 underlying income statement restatement



	HY21 previously reported	Presentation changes		Prior year restatements	HY21 Restated
		Change to JV accounting	Change to IFRIC 12		
Underlying revenue	2,243.7	(134.1)	–	(56.1)	2,053.5
Underlying operating profit	143.1	(31.2)	(0.5)	(26.9)	84.5
Share of results from joint ventures and associates	–	11.6	–	(5.3)	6.3
Net finance costs	(44.2)	11.2	0.5	(0.1)	(32.6)
Underlying profit before tax	98.9	(8.4)	–	(32.3)	58.2
Tax	(19.8)	3.9	–	(12.9)	(28.8)
Underlying profit after tax	79.1	(4.5)	–	(45.2)	29.4
Underlying basic EPS	15.7p				5.8p

- **Presentation changes:**
 - JVs & associates shown as one line
 - IFRIC 12 income moved to finance income
- **Prior year restatements:**
 - CPBS: correction of prior year errors and accounting policy change:
 - £56.1m revenue impact
 - £26.8m underlying operating profit impact
 - CPBS adjustments include ‘one-off’ and ‘recurring’ (see slide 5)
 - Additional accounting policy change for FY22 related to a new interpretation of ‘Software as a Service’ treatment (£0.1m underlying profit impact)

HY21 restatement by sector: revenue



	HY21 previously reported	Change to JV accounting	Prior year restatements	HY21 Restated	One-off CPBS adjustments	HY21 restated Excl. one-off CPBS
Marine	634.6	(27.8)	(14.2)	592.6	10.2	602.8
Nuclear	490.7	(31.9)	(3.0)	455.8	1.7	457.5
Land	611.1	(9.1)	(38.0)	564.0	1.4	565.4
Aviation	507.3	(65.3)	(0.9)	441.1	1.0	442.1
Group	2,243.7	(134.1)	(56.1)	2,053.5	14.3	2,067.8

- **Prior year restatement of £56.1m:**
 - ‘One-off’ CPBS adjustments of £14.3m¹
 - ‘Recurring’ CPBS adjustments of £41.8m¹
- Excluding ‘one off’ CPBS is considered to be the most useful start point for comparison to HY22 results

HY21 restatement by sector: underlying operating profit



	HY21 previously reported	Presentation changes		Prior year restatements	HY21 Restated	One-off CPBS adjustments	HY21 restated Excl. one-off CPBS
		Change to JV accounting	Change to IFRIC 12				
Marine	49.8	(2.4)	-	(15.3)	32.1	10.2	42.3
Nuclear	31.7	5.0	-	(2.5)	34.2	1.8	36.0
Land	32.9	(8.9)	(0.5)	(7.0)	16.5	5.8	22.3
Aviation	32.3	(24.9)	-	(5.7)	1.7	3.6	5.3
Unallocated	(3.6)	-	-	3.6	-	-	-
Underlying operating profit	143.1	(31.2)	(0.5)	(26.9)	84.5	21.4	105.9

- **Prior year restatement of £26.9m:**
 - 'One-off' CPBS adjustments of £21.4m¹
 - 'Recurring' CPBS adjustments of £5.4m¹
 - FY22 accounting policy change of £0.1m
- Excluding 'one off' CPBS is considered to be the most useful start point for comparison to HY22 results

HY21 restatement underlying cash flow: (1/2)



£m	HY21 previously reported	Prior year restatements	Presentation changes	HY21 restated
Operating profit (excl. JVs)	111.4	(26.9)	-	84.5
One-off CPBS adjustments	-	21.4	-	21.4
Operating profit (excl. JVs) excl. one-off CPBS adjustments	111.4	(5.5)	-	105.9
Depreciation & amortisation	55.5	3.2	-	58.7
Right of use asset depreciation	69.0	(3.6)	-	65.4
Non-cash items	2.9	4.5	(0.5)	6.9
Working capital	(14.7)	5.8	-	(8.9)
Provisions	1.5	-	-	1.5
Net capital expenditure	(47.6)	-	-	(47.6)
New lease commitments	(34.4)	8.1	26.3	-
Capital element of lease payments	-	-	(70.7)	(70.7)
Operating cash flow	143.6	12.5	(44.9)	111.2
<i>Cash conversion % (excl. one-off CPBS adjustments)</i>	<i>129%</i>	-	-	<i>105%</i>
Retirement benefits in excess of income statement	(42.2)	-	-	(42.2)
Interest paid	(28.0)	-	0.5	(27.5)
Tax paid	(30.0)	-	-	(30.0)
Dividends from joint ventures	15.0	-	-	15.0
Exceptional items	-	-	(30.9)	(30.9)
Free cash flow	58.4	12.5	(75.3)	(4.4)

- Presentation changes:
 - Capital elements of lease payments within operating cash flow
 - New lease commitments now a 'change in debt' not in operating cash flow
 - Cash flow from exceptional items included in free cash flow

HY21 restatement underlying cash flow: (2/2)



£m	HY21 previously reported	Prior year restatements	Presentation changes	HY21 restated
Free cash flow	58.4	12.5	(75.3)	(4.4)
Acquisitions and disposals net of cash acquired	84.6	-	-	84.6
Exceptional cash flow	(30.9)	-	30.9	-
Capital element of lease payments	-	-	70.7	70.7
New lease commitments	-	(8.1)	(26.3)	(34.4)
Own shares	(2.2)	-	-	(2.2)
Dividends paid	(0.3)	-	-	(0.3)
Net cash inflow	109.6	4.4	-	114.0
Opening net debt	(1,594.9)	-	-	(1,594.9)
Supply chain financing - opening adjustment	-	(93.3)	-	(93.3)
Lease liability – opening adjustments	-	(16.6)	-	(16.6)
Opening net debt (restated)	(1,594.9)	(109.9)	-	(1,704.8)
Exchange movements	(33.7)	15.7	-	(18.0)
Movement in net debt	109.6	4.4	-	114.0
Closing net debt	(1,519.0)	(89.8)	-	(1,608.8)

- **CPBS restatements:**

- Supply chain financing now included in debt (£93.3m at Sep 20)
- £16.6m of lease liabilities previously not included

- **Presentational changes:**

- Lease commitments/capital element of leases as per previous slide