



25 February 2022

Babcock International Group PLC (Babcock or the Group) Trading update

Babcock, the aerospace, defence and security company, issues this update covering the first ten months of the financial year ending 31 March 2022.

Group trading

Overall Group trading for the first ten months to 31 January 2022 was in line with expectations. Results for the Group are fourth quarter weighted, and based on current projections our full year outlook is unchanged.

We continue to manage costs associated with COVID-19, ongoing inflation and supply chain pressures. Our new operating model is on track to deliver savings of approximately £20 million in this financial year.

As stated before, FY22 free cash flow is expected to be significantly negative. This reflects material cash outflows including additional pension contributions, restructuring costs, and investments in facilities and IT upgrades.

Portfolio alignment

We have continued to make progress on strategic priorities, including portfolio alignment. We completed the sales of our UK Power business in December for gross proceeds of £50 million, and our 15.4% stake in AirTanker Holdings Limited in February for £95 million. This was the fourth disposal completed in the current financial year bringing gross proceeds generated to £448 million, above our targeted minimum of £400 million required to strengthen the balance sheet.

Earlier this month we entered into a Sales and Purchase Agreement to acquire the remaining 50% interest in our Australian Naval Ship Management (NSM) joint venture for around £32 million. The acquisition, in one of the Group's focus countries, will allow the Group to further strengthen its support to the Australian Defence Force.

For further information please contact:

Babcock International Group PLC

Andrew Gollan
Director of Investor Relations
Tel: +44 (0) 7936039004

Kate Hill
Group Director of Communications
Tel: +44 (0)20 7355 5312

Tulchan Communication

Olivia Peters/Harry Cameron
Tel: +44 (0)20 7353 4200