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Full year results

for the year ended 31 March 2022

28 July 2022

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What we will cover

- Introduction
- Financial results
- Future and opportunities

Strong progress in first year of turnaround

We have delivered what we said we would:

- Simplified portfolio refocused on our chosen markets
- Strengthened and improved the quality of our balance sheet
- Driven efficiencies through implementation of our new operating model
- Invested in our processes, facilities, people and systems
- Lower-risk platform from which to win future business

Driving increasingly profitable growth

Financial review

David Mellors

CFO

Key messages

- Overall FY22 Group performance in line with expectations
- Balance sheet strengthened
- Cash flow – significant unwinding of historic cash flow 'stretches'

Balance sheet improvement in strength and quality

£m	HY21	FY21 (Restated)[1]	HY22	FY22
Net debt	(1,609)	(1,353)	(1,345)	**(969)**
Net debt to EBITDA (covenant basis)	2.5x	2.4x	2.8x	**1.8x**
Unwind of historic cash flow 'stretches'				
Supply chain financing[1]	(77)	(25)	(13)	(12)
Debt factoring	(137)	(102)	(100)	(62)
Creditor deferrals – VAT	(56)	(56)	(28)	-
– Other	(196)	(164)	(105)	(34)
	(466)	(347)	(246)	**(108)**
Pension				
IAS19 accounting (deficit)/surplus	(104)	(279)	(79)	**192**
Actuarial technical provisions basis (deficit)[2]	c.(700)	c.(580)	c.(425)	**c.(350)**

- **Net debt and gearing**:
  - Significant de-gearing due to £400m+ from completed disposals
  - European AES disposal to complete in FY23: c.£115m proceeds, c.£200m leases
  - 31 March 2022 gearing less than 2.0x as guided
  - Investment grade rating retained (Aug 2021)
  - Medium term gearing target 1.0x – 2.0x (H123 will be elevated due to remaining extra pension payments)
- **Unwind of historic cash flow 'stretches'**:
  - £240m of "period end cash management" reversed in FY22 – c.£45m remaining (excluding Southern Europe debt factoring)
  - c.£40m of other FY23 liabilities (pension and Italian fine) prepaid in FY22
- **Pension deficit**:
  - £152m payments[3] made in FY21 (£23m accelerated from FY23)
  - c.£100m payments[3] expected in FY23

1. Reclassified in FY21 to be included within net debt
2. Including longevity swap
3. Payments in excess of income statement

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Disposals programme

	Date	Proceeds	Income statement impact
Completed:			
1) Oil and Gas	Sep 2021	£10m (+ £137m leases)	– £154 revenue, £2m underlying operating profit(FY21)
2) Frazer Nash	Oct 2021	£293m	– £101m revenue, £14m underlying operating profit (FY21)
3) UK Power	Dec 2021	£50m	– £70 revenue, £7m underlying operating profit (FY21)
4) AirTanker Holdings	Feb 2022	£95m (+£31 shareholder loan repayment)	– Share of associate income after tax £2.8m* (FY21
Announced, due to complete in FY23:			
5) European AES (part)		£115m (+ c.£200m leases)	– £405m revenue, £13m operating profit contribution (FY22)

Total proceeds expected - c.£560m (+ £340m leases transferred)**

* Pre CPBS adjustments
** Pre transaction costs

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Underlying financial results overview

	FY22	FY21 (Restated[1])
Revenue	£4,102m	£3,972m
Underlying operating profit[2]	£237.7m	£222.1m
Underlying operating profit margin[2]	5.8%	5.5%
Underlying basic EPS[2]	30.7p	28.8p[3]
Operating cash flow	£4m	£300m
Underlying free cash flow	£(191)m	£170m
Net debt	£(969)m	£(1,352)m
Net debt (excluding operating leases)	£(557)m	£(770)m
Net debt/EBITDA (covenant basis)	1.8x	2.4x

- **Organic revenue +5%**
  - COVID-19 recovery (c.3%) and growth (c.2%) largely in Marine (new programmes) and Nuclear (infrastructure)
- **Underlying operating profit +13% organic**
  - Operating model savings (c.£20m)
  - COVID-19 recovery
  - £22m programme write-off
- **Underlying EPS** in line with expectations due to higher net profit and combined effect of the following one-offs:
  - £6m pre-completion guarantee fee on certain disposals
  - £(10)m interest charge (non-cash)
- **Net debt:** gearing < 2.0x at 31 March 2022 as targeted

1. FY21 revenue restated due to reclassification of pass-through revenue, c.£(211)m. Underlying operating profit restated by £(0.3)m for previously capitalised costs on software-as-a-service arrangements (per April 2021 IFRIC decision)
2. Underlying operating profit, underlying operating margin and underlying basic EPS excluding FY21 one-off CPBS adjustments
3. FY21 underlying EPS excluding one-off CPBS adjustments was corrected on 29 July 2022 as per RNS No: 3212U

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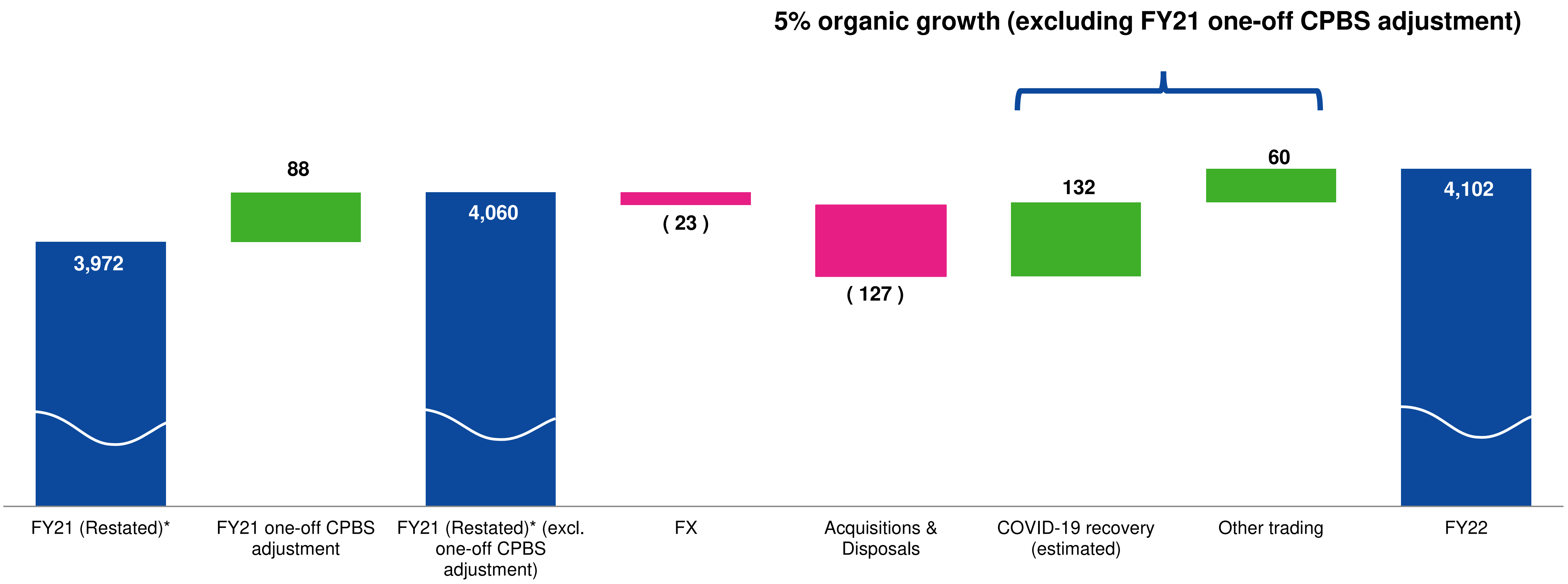
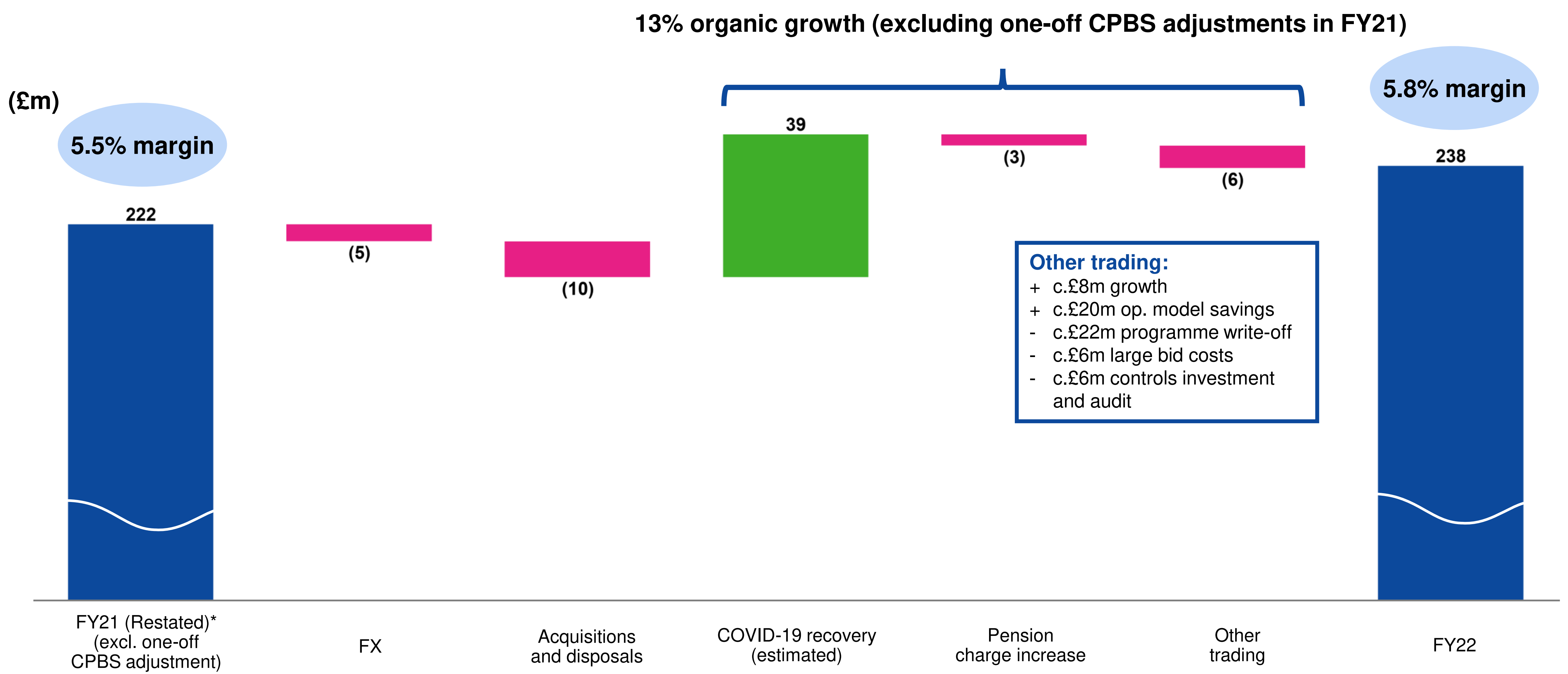
Revenue bridge

(£m)



* Restated for the removal of pass through revenue

Underlying operating profit bridge



* FY21 restated for previously capitalised costs on software-as-a-service arrangements (per April 2021 IFRIC decision)

Marine

	FY21 (Restated[1])	One-off CPBS adjustment in FY21	FY21 restated (excl. one-off CPBS adjustment)	FX	Acquisitions & disposals	COVID-19 recovery (estimated)	Pension charge increase	Other trading	FY22
Contract backlog (£bn)			**2.5**						**2.5**
Revenue (£m)	**1,231**	9	**1,239**	(1)	(24)	(10)		55	**1,259**
Underlying operating profit (£m)	**56**	29	**85**	(1)	(5)	16	(3)	6	**98**
Underlying margin	***4.6%***		***6.9%***						***7.8%***

Revenue:

- **Organic revenue +4%:** Type 31, Arrowhead 140, strong LGE demand
- **Acquisitions & disposals:** Frazer Nash sold October 2021, NSM acquired March 2022
- **COVID-19** recovery in year (NB ventilator activity in FY21)
- Around £230m of low or zero margin programme revenue (FY21 c.£190m)

Operating profit:

- **Organic operating profit +22%:** Underlying margin up 90bp to 7.8%
- **COVID-19** recovery in Oman and Frazer Nash (pre-disposal)
- **Other trading**: favourable contract settlement and Arrowhead 140 license fee (Indonesia), op model savings partially offset by additional costs of 'large bids' (eg Poland, Ukraine, FSS, Greece)

1. FY21 restated for removal of pass through revenue, c.£(20)m, and restated for previously capitalised costs on software-as-a-service arrangements (per April 2021 IFRIC decision)

Nuclear

	FY21 (Restated[1])	One-off CPBS adjustment in FY21	FY21 restated (excl. one-off CPBS adjustment)	FX	Acquisitions & disposals	COVID-19 recovery (estimated)	Pension charge increase	Other trading	FY22
Contract backlog (£bn)			**0.4**						**2.8**
Revenue (£m)	**976**	2	**978**	-	-	0		31	**1,010**
Underlying operating profit (£m)	**64**	23	**87**	-	-	2	(0)	(27)	**62**
Underlying margin	***6.5%***		***8.9%***						***6.2%***

Revenue:

- **Backlog** growth driven by FMSP contract (£3.1bn recognised in FY22)
- **Organic revenue +3%**
- Further growth in infrastructure programmes (FY22 £125m vs FY21 £71m)
- Civil nuclear broadly flat

Operating profit:

- **Organic operating profit -28%**
- £22m programme write-off (revenue reversed)
- Lower margin mix due to infrastructure revenues and ramp up of FMSP
- Underlying margin down 270bp to 6.2% (8.3% excluding programme write-off)

1. FY21 restated for restated for previously capitalised costs on software-as-a-service arrangements (per April 2021 IFRIC decision)

Land

	FY21 (Restated[1])	One-off CPBS adjustment in FY21	FY21 restated (excl. one-off CPBS adjustment)	FX	Acquisitions & disposals	COVID-19 recovery (estimated)	Pension charge increase	Other trading	FY22
Contract backlog (£bn)	**2.4**		**2.4**						**2.3**
Revenue (£m)	**911**	61	**972**	-	(27)	103	-	(32)	**1,016**
Underlying operating profit (£m)	**(18)**	69	**52**	0	(3)	13	0	(3)	**59**
Underlying margin	***(1.9)%***		***5.3%***						***5.8%***

Revenue:

- **Organic revenue +7%**
- **COVID-19** recovery primarily South Africa and civil training
- **Disposals**: Conbras sold October 2020 and Power sold December 2021
- **Other trading**: loss of Heathrow contract in FY21 and lower DSG volumes
- c.£150m of low or zero margin programme revenue (FY21: c.£150m restated)
- Backlog restated to remove pass through revenue

Operating profit:

- **Organic operating profit +14%**
- **COVID-19** recovery from site closure and business interruption in South Africa and civil training in FY21
- **Other trading**: improved performance in Rail and operating model savings offset by lower DSG volumes, loss of Heathrow contract in FY21, Eskom contract ended Q4 FY22
- Underlying margin up 50bps to 5.8%

1. Restated for removal of pass through revenue (£192.3m), backlog (c.£0.6bn) and restated for previously capitalised costs on software-as-a-service arrangements (per April 2021 IFRIC decision)

Aviation

	FY21	One-off CPBS adjustment in FY21	**FY21 restated (excl. one-off CPBS adjustment)**	FX	Acquisitions & disposals	COVID-19 recovery (estimated)	Pension charge increase	Other trading	**FY22**
Contract backlog (£bn)			**2.9**						**2.3**
Revenue (£m)	**854**	17	**871**	(22)	(75)	39	-	5	**817**
Underlying operating profit (£m)	**(130)**	128	**(2)**	(4)	(2)	8	-	18	**19**
Underlying margin			***(0.2)%***						***2.3%***

Revenue:

- **Organic revenue +5%**
- **Disposals**: Oil and Gas business sold in August 2021. (European AES businesses disposal expected to complete in FY23)
- **COVID-19** full recovery (excluding potential recovery sold with Oil & Gas)
- Growth from French defence contracts, emergency services flat

Operating profit:

- **Return to profit**
- **COVID-19** recovery in most regions except minor additional costs
- **Other trading**: operating model benefits and the achievement of certain programme milestones

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Cash flow and movement in net debt: (1/2)

£m	FY22	FY21 (Restated[1])
Underlying operating profit excl. one-off CPBS adj. in FY21	**237.7**	**222.1**
Depreciation & amortisation (incl. ROU assets)	197.5	248.2
Net capital expenditure	(135.2)	(171.1)
Capital element of lease payments	(113.0)	(140.6)
Working capital movements	(173.9)	128.9
Other	(8.7)	12.5
Operating cash flow (underlying)	**4.4**	**300.0**
Cash conversion %	1.9%	135.1%
Retirement benefits in excess of income statement	(151.7)	(73.5)
Interest paid	(45.0)	(67.4)
Tax received / (paid)	10.0	18.4
Dividends from joint ventures	41.6	36.8
Exceptional items	(50.6)	(44.7)
Free cash flow	**(191.3)**	**169.6**

- **FY22 comments**:
  - Depreciation and lease payments lower due to disposals
  - Net capex decrease: disposals in Aviation: £68m (FY21: £5m), more than offset increase in gross capex £203m (FY21: £176m)
  - Working capital outflow:
    1. Payment of FY21 deferred VAT (£56m)
    2. Reduction of deferred creditors (£131m)
    3. Reduction debt factoring (£40m)
    4. Contract asset increase (£26m)
    5. Early customer receipts and increase in prepayments (c.£70) used to pay off creditors
  - Accelerated pension deficit reduction payments, £23m FY23 prepaid in FY22
  - Tax inflow of £10m due to settlement of several open years with the authorities
- **FY23 guidance (before the disposal of AES Europe):**
  - Pensions in excess of income statement c.£100m
  - Gross capex broadly flat
  - Tax c.£25m outflow
  - Dividends from JVs c.£5m
  - Exceptional restructuring costs from FY21 programme up to £10m

1. FY21 restated for previously capitalised costs on software-as-a-service arrangements (per April 2021 IFRIC decision)

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Cash flow and movement in net debt: (2/2)

£m	FY22	FY21 (Restated[1])
Free cash flow	**(191.3)**	**169.6**
Acquisitions and disposals (incl. JVs)	399.1	81.8
Dividends	(1.1)	(0.8)
Leases		
Capital element of lease payments	113.0	140.6
Leases acquired with subsidiaries	(0.5)	-
Leases disposed with subsidiaries	137.1	-
Net new lease arrangements	(71.2)	(82.3)
Other non-cash debt movements	(2.4)	-
Fair value movement in net debt	(11.8)	10.0
FX	12.8	44.6
Own shares	-	(2.2)
Movement in net debt	**383.7**	**361.2**

Opening net debt	**(1,352.4)**	**(1,713.7)**
Closing net debt	**(968.7)**	**(1,352.5)**
Net debt excl. operating leases	**(556.7)**	**(770.3)**
Gearing ratio (covenant basis)	**1.8x**	**2.4x**

- **FY22 comments:**
  - Disposals completed in the year include:
    - Oil & Gas (£10m)
    - Frazer Nash (£291m)
    - Power (£50m)
    - AirTanker Ltd (£96m)
  - Acquisition: Naval Ship Management (NSM) AUS (£34m)
  - Net debt to EBITDA: 1.8x (target below 2.0x).
  - Medium-term gearing ratio target of 1.0x to 2.0x – although H123 is expected to rise due to the unwind of final "period end cash management" and the last additional pension deficit repair payment
- **FY23 :**
  - European AES disposal is expected to complete in FY23. Proceeds: c.£115m cash (and c.£200m leases)

1. FY21 restated for previously capitalised costs on software-as-a-service arrangements (per April 2021 IFRIC decision)

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Outlook

Market: The market backdrop is very dynamic. Rising geopolitical uncertainty has led to increased national defence requirements and potentially more opportunities, while macro factors such as inflation and supply chain stress increase delivery challenges.

Inflation: The Group's main exposure to inflation is via rising employment costs. We have sought to manage the short-term impact of inflation through an innovative and progressive pay deal with our UK workforce (details on page 5), which gives us visibility around the near-term cost base. We plan to offset this and other input cost inflation through operating improvements and efficiencies as we further embed our new operating model.

Free cash flow: We have taken material steps to address the balance sheet and quality of our cash flows. We expect cash outflows associated with items such as pension deficit catch-up payments and the unwind of historical management of working capital at period end to reduce significantly in FY23

Balance sheet: Having achieved our previous target of leverage under 2.0x, we are now implementing a medium-term gearing ratio target of 1.0x to 2.0x, although we expect the ratio could increase above 2.0x in the short term. This reflects the pension deficit catch-up payments (c.£100 million) and unwind of the remaining historical creditor deferrals (c.£45 million), the bulk of which are expected within the first half of FY23

FY23 and beyond: The second year of our turnaround will build on the strategic actions taken in FY22, with a focus on execution and growth, including an expected c.£20 million further restructuring benefit. As we continue to make further operational progress through the disciplined execution of our strategy, the Board is confident of delivering on its expectations of increasingly profitable growth and improved cash flow for FY23 and into the medium term

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Future and opportunities

David Lockwood
CEO

Our market dynamics

Geopolitical uncertainty

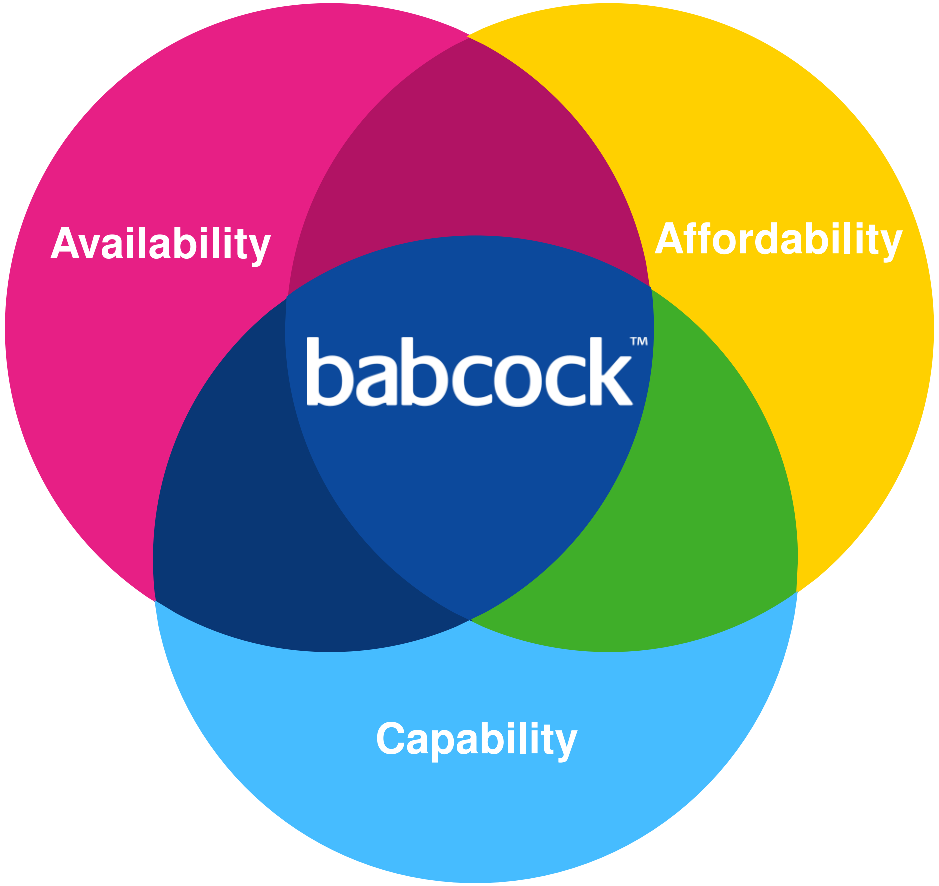
Budget pressures

Defence requirements

Supply chain and inflation

Customer requirements

- Value for money
- High utilisation
- Modernisation
- Flexibility



Meeting customers' core requirements

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A refocused portfolio

End markets	Naval engineering, support and systems	Critical services: defence and civil

Service proposition

Naval engineering, support and systems

- We deliver high value, technical and engineering support for ships and submarines to UK and other navies
- We own, maintain and develop critical naval infrastructure
- We design, build and export world class naval platforms and equipment
- We are embedded in our key customers’ digital defence programmes

Critical services: defence and civil

- We provide high value engineering and support services in land and aviation defence, civil nuclear and other critical sectors
- We deliver technical training services in defence and security sectors
- We maintain and provide complex assets and equipment
- We bring together integrated industry teams and technology-led digital capabilities

Revenue composition

Marine and Nuclear (Naval): £2.1bn

Nuclear (Civil), Land and Aviation: £2bn revenue

The right capabilities to deliver high value solutions in attractive markets

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Increasing focus on execution and growth

FY22: one year into a major turnaround — **FY26+**

Stabilise

Steps taken to stabilise and strengthen the Group

Execute

Progressing the next phase of our turnaround

Growth

Shaping our business today for future growth

Improving performance will underpin our ability to grow

Stabilise: the result of our strategic actions

Align the portfolio ✓

Operating model ✓

New people strategy ✓

Develop ESG strategy ✓

Explore growth ✓

Successfully delivering our plan: business stabilised, prospects improved

Execute: foundations for performance improvement

People strategy

With around 28,000 employees, our people strategy is critical to deliver future profitable growth

- Our six Principles will help accelerate culture transformation
- Evolving talent management strategy to focus on critical skills requirements
- Harmonising policies and processes; promoting collaboration
- Agile working - aiming to create a positive experience aligned to our corporate purpose

Operating model

Our operating model is a critical enabler to improve execution and drive future growth

- Embedding our operating model to drive sustainable business improvement
- Sectors to derive efficiencies from shared functions
- Continuing to invest in controls, systems and process improvement
- Focused on improving customer delivery and risk management
- We aim to significantly increase profitability and improve cash flows

ESG strategy

Our ESG strategy is key to de-risk the future and supports our ability to win new business and attract talent

- Integrating sustainability into programme design and contract terms
- Identifying opportunities to further minimise our impacts and increase social outreach
- Evolving our roadmap to deliver target of net zero carbon emissions by 2040
- To submit our targets to the science-based targets initiative (SBTi) within 12 months
- Progressing inclusion and diversity initiatives

be curious

be kind

be courageous

think:outcomes

collaborate

own & deliver

Grow: future growth drivers

Naval engineering, support and systems

Affordable naval ships

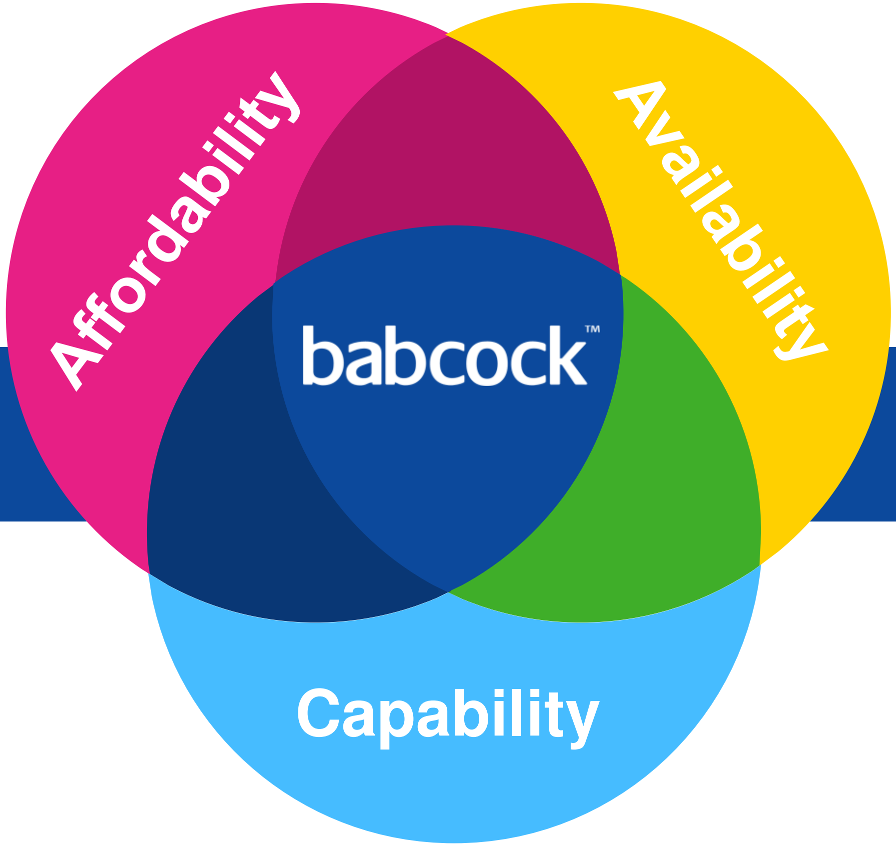
Arrowhead 140

Submarines

Class transitions drive growth

Defence digital

iSupport360, MEWSIC, DHFC



Critical services, defence and civil

Asset availability

Support model changing

Training

Military training model

Civil nuclear

UK energy strategy, SMRs

Well-positioned to take advantage of significant future opportunities

Summary

We have delivered what we said we would:

- Simplified portfolio refocused on our chosen markets
- Strengthened and improved the quality of our balance sheet
- Driven efficiencies through implementation of our new operating model
- Invested in our processes, facilities, people and systems
- Lower-risk platform from which to win future business

Driving increasingly profitable growth

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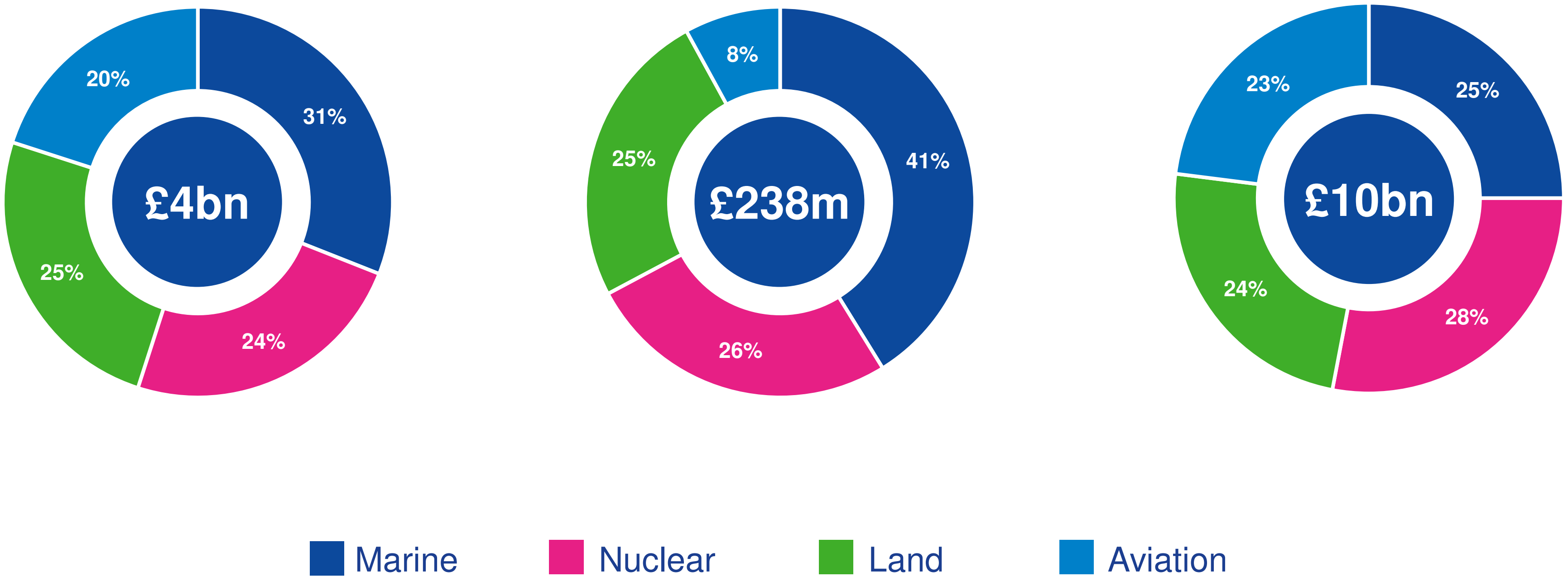
Appendix

FY22 results split by sector

Revenue[1] **Underlying operating profit[2]** **Contract backlog[3]**



Excluding FY22 disposals and the expected sale of part of the AES business, FY22 proforma splits are:

1. Revenue: 34% Marine, 29% Nuclear, 27% Land, 10% Aviation
2. UOP: 39% Marine, 27% Nuclear, 23% Land, 11% Aviation
3. Backlog: 28% Marine, 31% Nuclear, 26% Land, 15% Aviation

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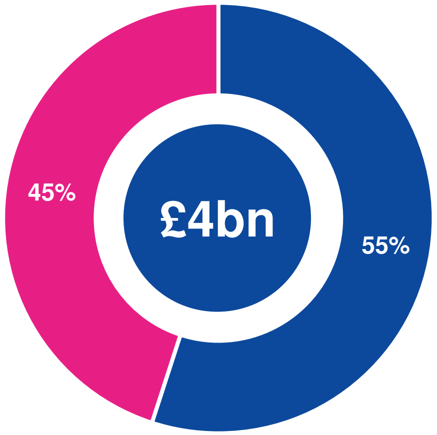
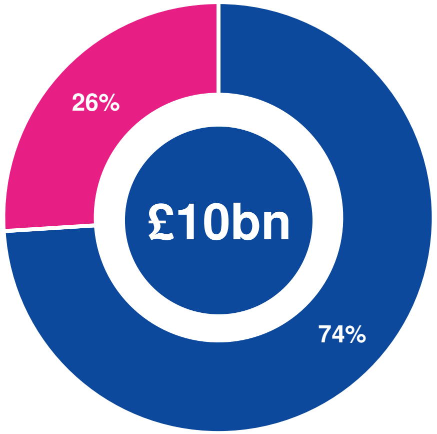
FY22 results split by market

Revenue[1]



Contract backlog[2]



Defence   Civil

Excluding FY22 disposals and the expected sale of part of the AES business, FY22 proforma splits are:

1. Revenue: 64% Defence, 36% Civil
2. Backlog: 80% Defence, 20% Civil

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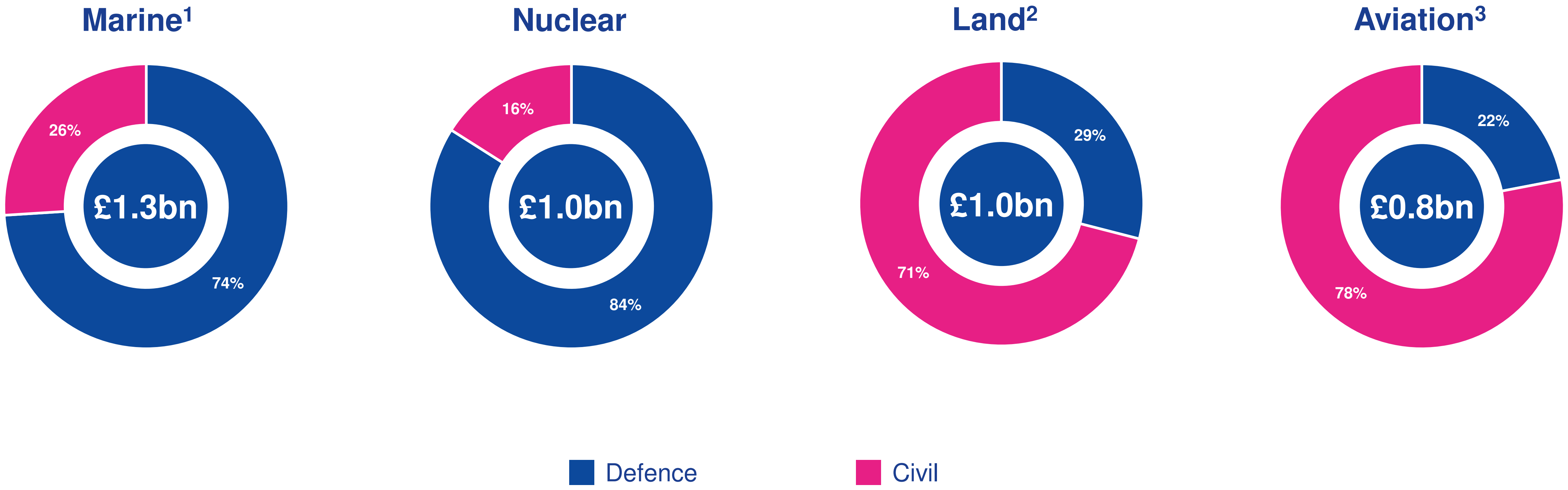
FY22 sector revenue splits



Excluding FY22 disposals and the expected sale of part of the AES business, FY22 proforma splits are:

1. Marine: 75% Defence, 25% Civil
2. Land: 31% Defence, 69% Civil
3. Aviation: 53% Defence, 47% Civil

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Statutory to underlying reconciliation

(£m)	FY22			FY21 (Restated)		
	Underlying	Specific Adjusting Items	Statutory	Underlying	Specific Adjusting Items	Statutory
Revenue	**4,101.8**	**-**	**4,101.8**	**3,971.6**	**-**	**3,971.6**
Operating profit / (loss)	**237.7**	**(10.9)**	**226.8**	**(27.9)**	**(1,708.8)**	**(1,736.7)**
Other income	6.2	-	6.2	-	-	-
Share of results of joint ventures and associates	20.1	-	20.1	(13.1)	-	(13.1)
Investment income	0.8	-	0.8	0.9	-	0.9
Net finance costs	(62.0)	(9.6)	(71.6)	(62.1)	-	(62.1)
Profit / (loss) before tax	**202.8**	**(20.5)**	**182.3**	**(102.2)**	**(1,708.8)**	**(1,811.0)**
Income tax benefit / (expense)	(43.9)	29.5	(14.4)	(21.8)	29.8	8.0
Profit / (loss) after tax for the year	**158.9**	**9.0**	**167.9**	**(124.0)**	**(1,679.0)**	**(1,803.0)**
Basic EPS	**30.7p**		**32.5p**	**(24.6)p**		**(357.0)p**
Diluted EPS	**30.4p**		**32.1p**	**(24.6)p**		**(357.0)p**

Note: FY21 restated underlying operating profit excluding one-off CPBS adjustments was £222.1m

Sector detail

	Revenue[1]		Underlying operating profit[2]		Operating profit[2]		Contract backlog[3]	
	FY22	FY21[1]	FY22	FY21	FY22	FY21	FY22	FY21
Marine	**£1,259.3m**	£1,239.2m	**£98.0m**	£85.1m	**7.8%**	6.9%	**£2,492m**	£2,472m
Nuclear	**£1,009.7m**	£978.1m	**£62.4m**	£87.2m	**6.2%**	8.9%	**£2,789m**	£358m
Land	**£1,015.5m**	£971.4m	**£58.8m**	£51.8m	**5.8%**	5.3%	**£2,309m**	£2,448m
Aviation	**£817.3m**	£871.2m	**£18.5m**	£(2.0)m	**2.3%**	(0.2)%	**£2,294m**	£2,898m
Total	**£4,101.8m**	£4,059.9m	**£237.7m**	£222.1m	**5.8%**	5.5%	**£9,883m**	£8,177m

1. FY21 revenue restated to remove pass-through revenue and excludes FY21 one-off CPBS adjustments
2. FY21 underlying operating profit (and margin) restated for certain capitalised software costs and excludes FY21 one-off CPBS adjustments
3. FY21 backlog restated to remove pass-through contract revenue

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Net debt / EBITDA (covenant basis)

(£m)	FY22	FY21
Underlying operating profit excl. one-off CPBS adjustments	**238**	**222**
Depreciation and amortisation	74	108
Other covenant adjustments	(13)	(12)
EBITDA	**299**	**319**
JV and associate dividends	42	37
EBITDA + JV and associate dividends	**341**	**355**
Net debt	**(557)**	**(770)**
Covenant adjustments (adding back finance lease receivables, loans to JVs, avg FX)	(60)	(95)
Net debt (covenant basis)	**(617)**	**(865)**
Net debt / EBITDA	**1.8x**	**2.4x**

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Pensions

IAS 19 position

(£m)	31 Mar 2022	31 Mar 2021
Assets	**4,733.1**	4,623.5
Obligations	**(4,541.5)**	(4,902.5)
Net surplus / (deficit)	**191.7**	(278.9)

Key assumptions	31 Mar 2022	31 Mar 2021
Discount rate	**2.7%**	2.0%
Inflation (RPI)	**3.7%**	3.2%

Movement in IAS 19 net position due to:

- Increases in corporate bond yields reducing liabilities, some of which is offset by higher inflation and salary increase assumptions
- Contributions in the period of £152m over the value of benefits accrued
- Asset performance above expected

Technical provisions position for all defined benefit schemes (including all longevity swap funding gaps)

March 2022:	**c.£400m deficit**
March 2021:	c.£600m deficit

Why is movement different to IAS 19 position:

- Technical provisions discount rates linked to gilt yields, whereas IAS 19 position is linked to movements in corporate bond yields
- Slightly different impacts from movements in other market conditions

Why the actuarial deficit has decreased in FY22:

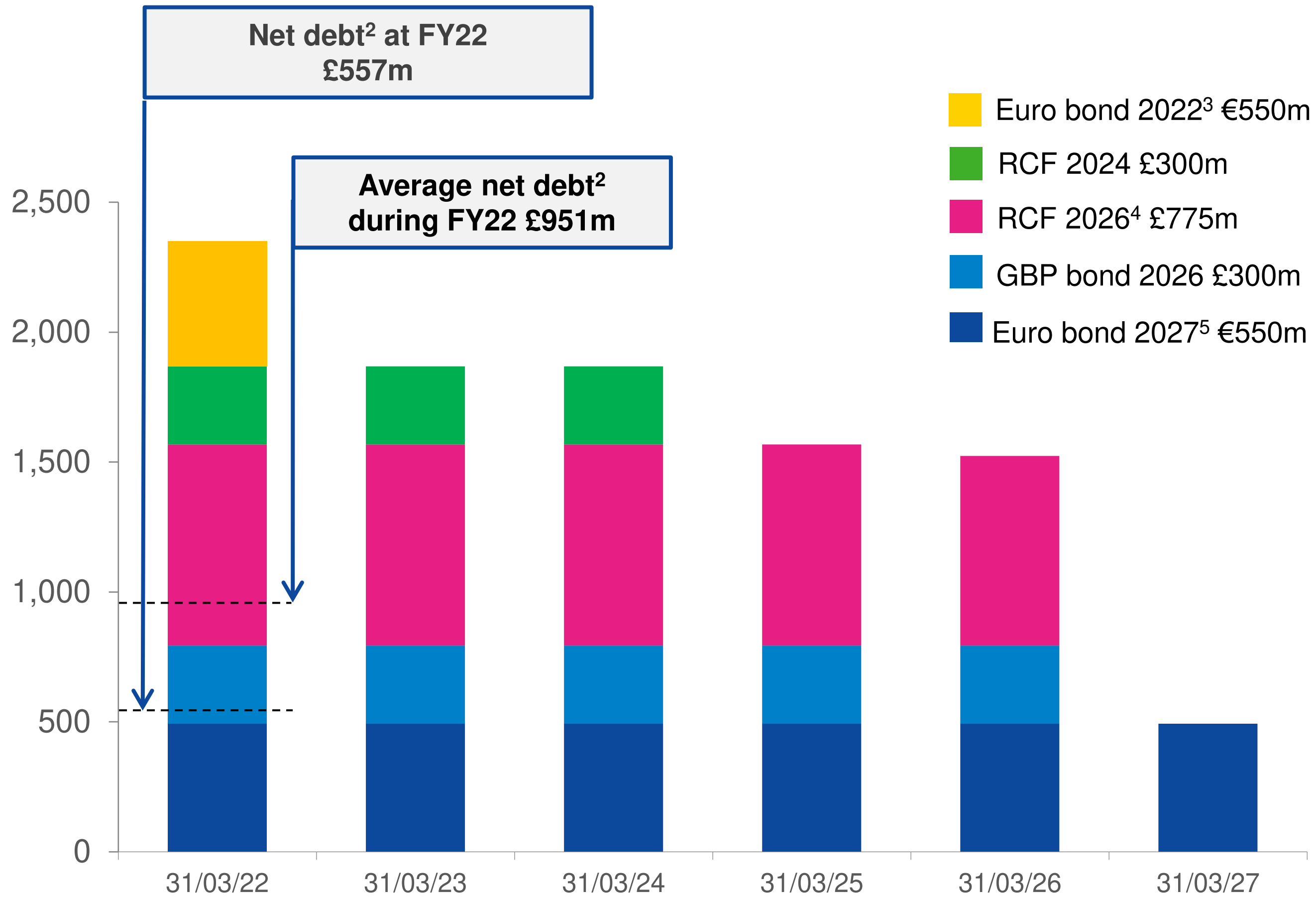
- Payment of deficit recovery contributions and return-seeking asset performance
- Hedging has mitigated the impact of increased inflation expectations, as well as changes in interest rates

Cash payments:

- Pension contributions in excess of income statement: around £100m expected in FY23
- Normal service costs contributions included in underlying free cash flow

Liquidity and debt maturity profile

Debt maturity profile[1] (£m)



- Liquidity headroom of £1.8bn
- £2.4bn of total available borrowings and facilities
- Extended £730m of RCF to 2026
- RCF covenant gearing ratio now at 3.5x from 4.5x
- October 2022 bond expected to be repaid using cash from disposals

Ample liquidity and covenant headroom to prudently protect downside

1. Chart shows notional value of the debt
2. Net debt shown excluding operating leases
3. Euro bond 2022 €550m hedged at £482m
4. £730m of £775m RCF extended to 2026
5. Euro bond 2027 €550m hedged at £493m

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Joint ventures: summary

	Babcock underlying JVs	Share	Country	Sector	Start	End	
Asset JVs	**Ascent** Aviation JV with Lockheed Martin to deliver UK rotary and fixed-wing flight training and support	**50%**	UK	Aviation	2016	2033	**Asset JVs** • Typically assets and debt • Dividends follow after paying down JV debt • Typically long-term
Operational JVs	**AirTanker Services** JV to deliver services and maintenance for air to air refuelling aircraft for the UK RAF	**23.5%**	UK	Aviation	2008	2035	**Operational JVs** • Capability partnerships • No debt • Dividends follow profits, subject to short-term phasing

Key contracts: Marine

Contract	Customer	Start	End	Country	Notes
Type 31	UK MOD	2019	2028	UK	Design, build and assembly of five general purpose frigates for the Royal Navy
Future Maritime Support Programme (FMSP)	UK MOD	2021	2026	UK	Through-life ship engineering management and support delivery for the Royal Navy
Victoria In Service Support Contract (VISSC)	RCN	2008	2025	Canada	Victoria In Service Support Contract to sustain Royal Canadian Navy's submarine programme. 2x one-year extension options
Marine Systems Support Partner (MSSP)	UK MOD	2017	2024	UK	Technical Authority and equipment support package for QEC aircraft carriers and T45 classes
Dreadnought systems	UK MOD	2006	2031	UK	A suite of contracts to design and manufacture weapons handling launch systems and signal ejectors for the UK's Dreadnought Class submarine build programme
NZ dockyard management	RNZN	2015	2029	New Zealand	Management of Devonport Dockyard in Auckland and sustainment of Royal New Zealand Navy fleet
UK/US CMC tube assemblies	General Dynamic	2014	2026	UK/US	Manufacturing tube assemblies for the joint UK US submarine programme to be used in the common missile compartments (CMC) for Dreadnought and Columbia Class submarines
Defence Strategic Radio Service (DSRS)	UK MOD	2021	2030	UK	Provision of worldwide high frequency critical radio services for the UK MOD
Maritime Electronic Warfare Systems Integrator (MEWSIC)	UK MOD	2021	2034	UK	Design, manufacture, delivery and in-service support of maritime electronic warfare capability
Canberra Class support (NSM)	RAN	2019	2025	Australia	Support contract for the Royal Australian Navy's two largest warships, the Canberra Class Landing Helicopter Docks (LHDs) five-year contract with two five-year options
Warship Asset Management Agreement (WAMA) (NSM)	RAN	2018	2024	Australia	Sustainment of the Royal Australian Navy's ANZAC class frigates

Key contracts: Nuclear

Contract	Customer	Start	End	Country	Notes
Future Maritime Support Programme (FMSP)	UK MOD	2021	2026	UK	Nuclear submarine, infrastructure and license site elements of FMSP for the Royal Navy
10 Dock Assessment Phase	UK MOD	2019	2023	UK	Programme management and design phase activity for the upgrade works to Devonport Dockyard's 10 Dock to enable future deep maintenance for Astute Class submarines
Future Submarine Design Phase Services Contract	UK MOD	2012	2023	UK	Contract to deliver design support services for the future Dreadnought Class submarine fleet
EDF Energy Lifetime Enterprise Agreement	EDF	2015	2030	UK	Framework agreement providing fuel route and other services to advanced gas cooled reactors until the last of seven reactors is defuelled in 2028
Hinkley Point C MEH Alliance	EDF	2019	2028	UK	JV alliance to deliver mechanical, electrical, heating, ventilation and air conditioning (MEH) at Hinkley Point C
Sellafield Glove boxes	Sellafield	2017	2027	UK	Glove box systems to process nuclear material

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Key contracts: Land

Contract	Customer	Start	End	Country	Notes
DSG - Defence Support Group	UK MOD	2015	2025	UK	Maintenance, repair and overhaul to over 35,000 vehicles of the British Army's A and B vehicle fleets. Option for five, one-year extensions
Phoenix II – White fleet	UK MOD	2016	2024	UK	Fleet management services for the MOD's c.15,000 vehicle white fleet, including procurement of vehicles and services
RSME - Royal School of Mechanical Engineers	Holdfast	2008	2038	UK	Provision of training and associated support services for the UK MOD
Control Period 6&7	Network Rail	2019	2029	UK	Track and rail systems projects in Scotland through an Alliance with Network Rail
London Metropolitan Police Service (MPS) fleet management	MPS	2006	2023	UK	Managing and overseeing the repair and maintenance for the fleet, and specialist equipment
London Metropolitan Police Service (MPS) training	MPS	2020	2028	UK	Policing Education Qualifications Framework (PEQF) providing initial training to police recruits
London Fire Brigade (LFB) fleet management	LFB	2014	2035	UK	Technical fleet management of over 400 LFB vehicles and around 45,000 pieces of firefighting equipment
London Fire Brigade (LFB) training	LFB	2012	2037	UK	Delivering over 200 training programmes to c.5,000 firefighters from two state of the art facilities, 97,000 delegate days of training per annum

Key contracts: Aviation

Contract	Customer	Start	End	Country	Notes
Victoria Air Ambulance	Victoria Gov	2016	2026	Australia	Helicopter Emergency Medical Services (HEMS) contract with six specially configured AW139 aircraft
Salvamento Sasemar	Spanish Coastguard	2018	2024	Spain	Spanish coastguard search and rescue contract, 14 aircraft, 13 bases. Option to extend by further two years
Italy Firefighting	Ministry of Interior	2018	2024	Italy	Operation and maintenance of 19 Government owned CL-415 Canadair aircraft. Option to extend by further four years
Hades air base support	UK MOD	2018	2025	UK	Provision of engineering services and technical aviation support to 17 air stations across the UK, with two single year extension options
Hawk T1&T2	BAE Systems	2004	2022	UK	Engine maintenance and technical support for 54 Hawk T1 jets supporting the RAF's advanced jet training programme. Working under an Intention to Proceed for 11-year contract to 2033
H160 French Navy SAR	French DOD	2021	2032	France	Providing six H160 helicopters, technical modifications and through-life support for the French Navy search and rescue operations
Light Aircraft Flying Task II (LAFT)	UK MOD	2009	2022	UK	Provision of 91 aircraft, instructors and services to deliver RAF air squadrons up to 35,000 flying training hours across 14 sites. Working under an Intention to Proceed with a 4-year contract (plus four, one-year options)
Manitoba - Firefighting	Manitoba state Government	2018	2028	Canada	Firefighting in Manitoba operated with Babcock surveillance aircraft and customer owned Canadair water bombers. Option to extend by further three years
FOMEDEC	French DOD	2017	2028	France	Provision of aircraft, training support and maintenance to the French Air Force
Mentor	French DOD	2021	2027	France	Provision of aircraft, training support and maintenance to the French Air Force contract includes five one-year options for extension
UK Military Flying Training System (UKMFTS) (Ascent JV)	UK MOD	2008	2033	UK	Ascent 50/50 JV with Lockheed Martin - rotary and fixed-wing flight training
Future Strategic Tanker Aircraft (FSTA) (AirTanker JV)	UK MOD	2008	2035	UK	JV with Thales, Rolls-Royce and Airbus. Infrastructure that supports air-to-air refueling and air-transport operations

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