

Strong embedded position underpins sustainable growth

Strongly positioned

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Differentiated proposition

- Focused portfolio in growth markets: 74% defence
- Critical supplier to governments
- Own critical assets
- Highly differentiated proposition combining:
 - Engineering know-how
 - Product development capability
 - Customer intimacy
 - Operational asset knowledge
- Strong focus on ESG

Complex programme delivery:

- High barriers to entry
- End-to-end through-life support
- Proven track record
- Strong visibility
- Capability transfer

Sustainable growth

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Supportive market dynamics

- Defence budget growth in core markets
- Customers' need for military capability:
 - Equipment modernisation
 - Increased value for money
 - Demand for asset availability
- Energy transition driving nuclear

Clear growth strategy

- Underpinned by £10.3 billion contract backlog and incumbent positions
- Growing opportunity set across all sectors, addressed by:
 - Leveraging our technical capabilities to create incremental and adjacent opportunities
 - Developing our people and capabilities
 - New strategic partnerships and collaborations

Improving margins and cash flow

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Margin improvement

- Improved contract terms and discipline
- Focus on operational improvement
- Improved programme delivery
- Growth of quality business
- Unwind of legacy contracts

Cash flow improvement and balance sheet

- Programme execution
- Enhanced controls
- Improved bidding governance
- Focus on cash efficiency
- Strong balance sheet: investment-grade credit rating
- Clear capital allocation framework to maximise value for our stakeholders

Creating shareholder value

Strong focus on our medium-term targets

<p>Average annual organic revenue growth</p> <p>Mid-single digit</p>	<p>Underlying operating margin</p> <p>≥8%</p>	<p>Underlying operating cash conversion</p> <p>≥80%</p>
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Underpinned by our capital allocation framework

Priority

- 1. Organic investment**
Sustain investment to support business operations and enhance growth potential
- 2. Financial strength**
Maintain strong balance sheet and investment-grade rating
- 3. Ordinary dividend**
Pay an ordinary dividend

Further capital options

<p>Pensions Accelerate de-risking</p>	<p>M&A Bolt-on opportunities</p>	<p>Shareholder returns Further returns of surplus capital to our shareholders</p>
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<p>Strong embedded position and sustainable growth</p>	+	<p>Clear financial targets</p>	+	<p>Disciplined capital allocation</p>	=	<p>Confidence in driving value</p>
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