

Marine investor day

Rosyth, Scotland
4 September 2025



Agenda

Session 1

Welcome

Opening remarks

Marine overview

Design and build

Foundation for growth

Q&A

Andrew Gollan

David Lockwood

Sir Nick Hine

Paul Watson

Ilgı Kim

Session 2

Support

Improved outcomes

Q&A

Rosyth Royal Dockyard

Phil Craig

Sir Nick Hine

Gareth Hedicker

Rosyth site tour

Summary

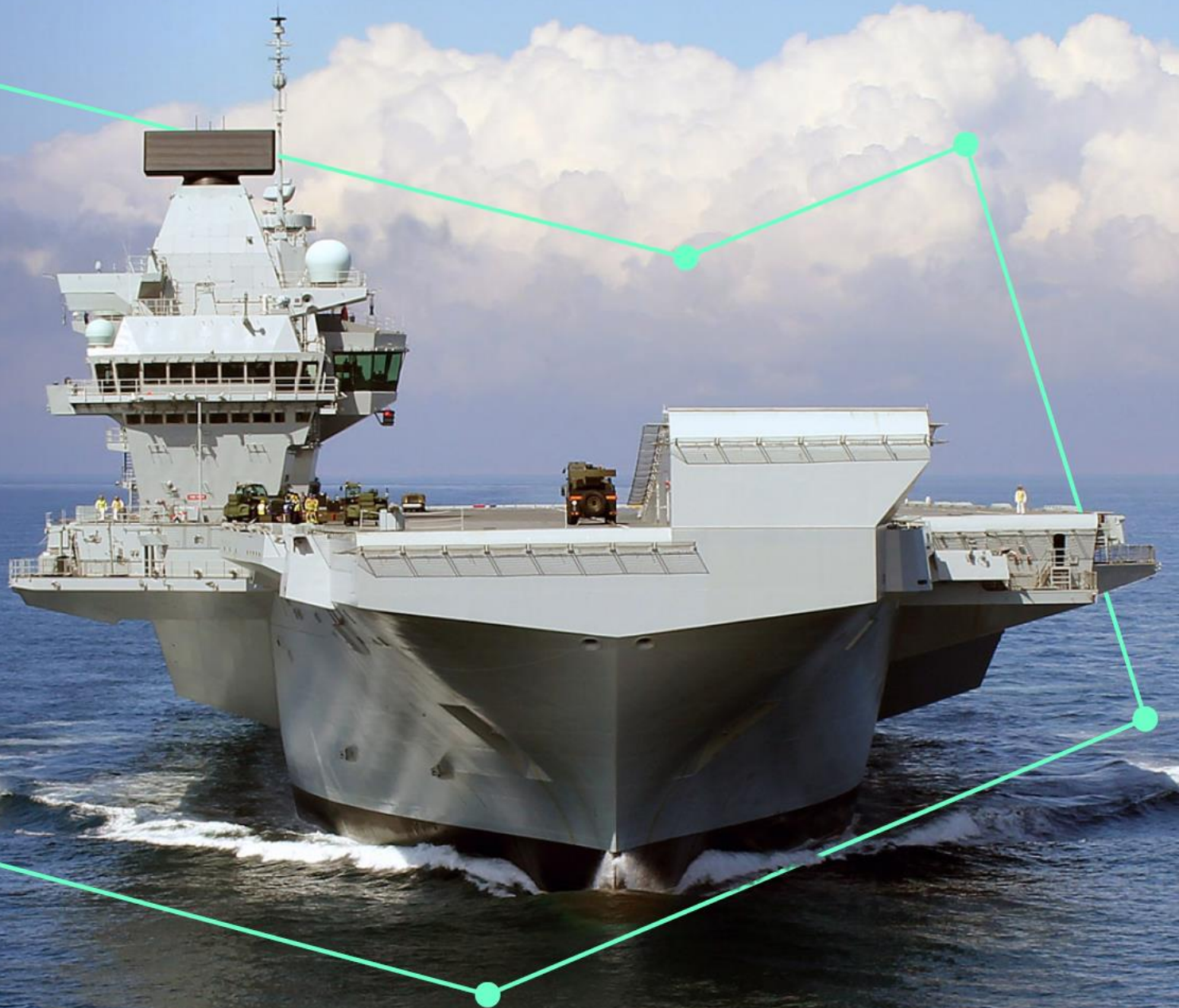


Opening remarks

David Lockwood
CEO

Marine overview

Sir Nick Hine
CEO Marine



Marine key messages

Strong platform for growth with unparalleled specialist capabilities and high barriers to entry

Structural growth from global naval fleet recapitalisation

Increased opportunity set led by design and build activities (>£17bn pipeline⁺) and long-term support (£5bn pipeline⁺)

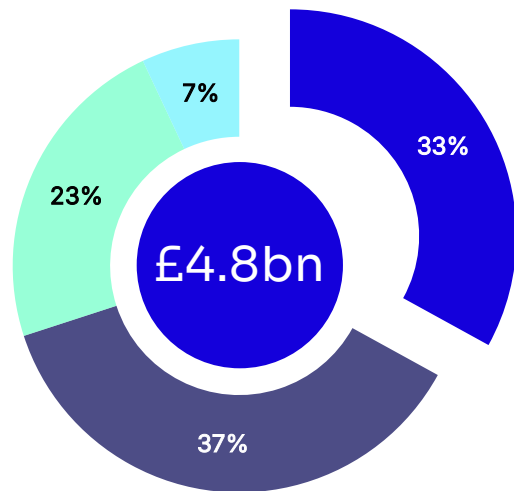
Organic investment to support growth, aligned with our Group capital allocation priorities

Confidence in the Marine Sector delivering MSD growth and margin improvement to 9%+ in the medium term

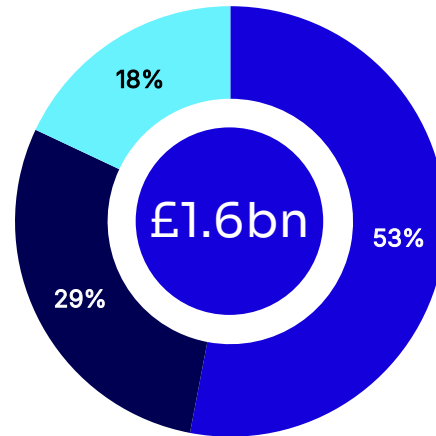
Marine

A major global naval partner

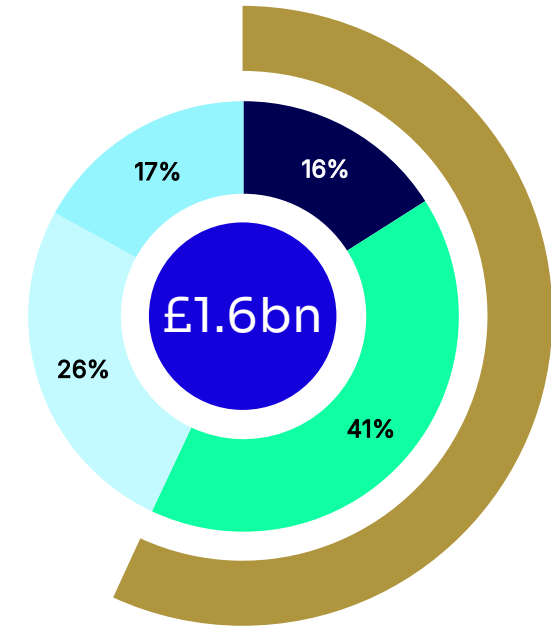
Babcock Group
FY25 revenue



Marine FY25
revenue by Market



Marine FY25 revenue
by business segment



Marine – design, build and support: what we do

Design, develop, manufacture and integrate specialist systems, and deliver technical through-life support

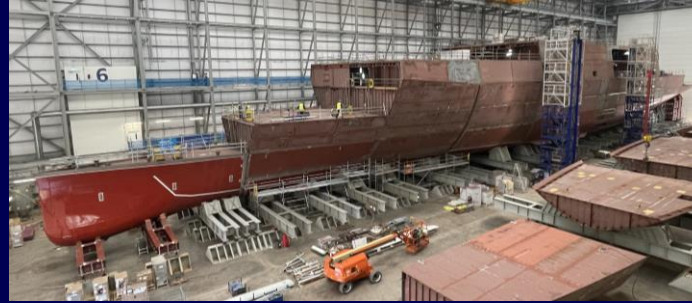
Design



Complex platforms, systems and equipment design for through-life affordability, capability, availability

- **Warship design and licencing**
 - Arrowhead frigate designs
 - For UK, Indonesia and Poland
 - Engaged on multiple export opportunities
- **Advanced frigates, corvettes and other vessels**
- **Naval design consultancy**

Build



Digitally-enabled, high-integrity advanced manufacturing of platforms, systems and equipment

- **Build and final assembly of Type 31 Inspiration Class frigates for the UK**
- **Advanced manufacture** of ballistic missile tube assemblies for UK and US nuclear submarine common missile compartments

Support



Through-life support, life extension and upgrade of platforms, systems and equipment

- **UK warship support**
 - QEC, T23, amphibious, small craft
- **International warship support**
 - AUS, NZ, BRA, UKR, CHI
- **Submarine and equipment support**
 - CAN, AUS
- **Naval base management (UK, NZ)**

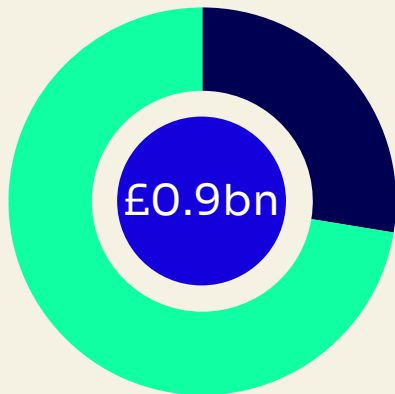
Marine - design, build and support

Over 5,300 colleagues across: UK (70%), Australia, New Zealand, Canada, Poland, Ukraine, South Korea, Brazil, Chile, US and Sweden

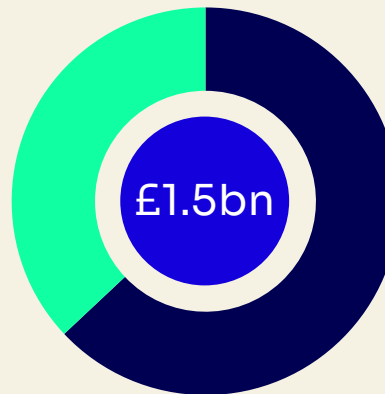
Long-term contracts and framework agreements with decades of experience

Strong pipeline: significant growth potential from global naval shipbuilding and long-term structural growth from Support opportunities

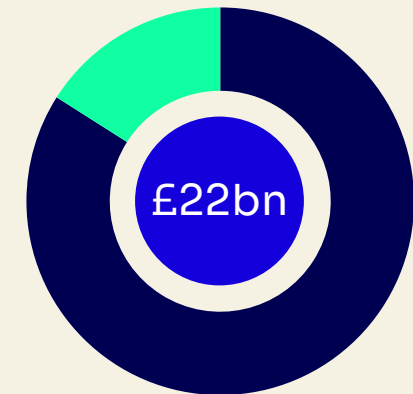
Revenue



Contract backlog



Pipeline
Decided over 3 years



■ Design and build

■ Support

Marine: major global naval partner

Industrial partners



Government partners



Marine: unparalleled specialist capabilities

Distinctive skillset driving sustainable value

Product development

From concept to capability delivery

- Arrowhead product family
- Advanced and adaptable naval designs and engineering capabilities

Advanced manufacturing

Engineering excellence through digital innovation

- Advanced robotic welding, laser scanning, and in-process inspection
- Modular fabrication

Integration capability

Operational advantage through collaboration

- Partner with multiple UK and international OEMs
- Customer intimacy and operational asset knowledge

Technology

Digital by design

- Data and digital twins
- Robotics and automation
- AI & digital shipbuilding

Operational asset knowledge

Specialist through-life engineering

- In-service support to every UK warship
- Deep maintenance support to 50% of UK surface warships
- Through-life support partner for all Canadian and Australian submarines

Flexible global model

Access to international markets

- Strategic partnerships
- Licencing
- Direct exports

Marine: our differentiators

People

- **Skilled workforce** of over 5,300
- Skills, technology and capability training agenda to support growth

Specialist engineering capability

- **Deep technical competence** building and supporting systems and platforms – ability to deliver with agility
- **Leading edge technologies and capabilities** – Digital engineering, digital dockyard, predictive support

Well invested assets and infrastructure

- **Rosyth dockyard** – world-class modular manufacturing capability – automation, robotics investment
- **Devonport dockyard** - unique support facilities – dockyards and logistics hubs

Credibility and reputation

- **Customer intimacy** - strong reputation with global scale, embedded in many UK and global programmes
- Track record of successful delivery against long-term integrated, performance-based output contracts

Integration and collaboration

- Focused on **alliances, collaboration** and **partnering**
- Strong synergies across the Group teaming with Mission Systems, Nuclear, and Land systems

Marine: our journey

A transformed platform for growth

Pre 2010s: Formation of modern Babcock Marine

- **1997:** Acquisition of Rosyth dockyard
- **2007:** Acquisition of Devonport dockyard
- **2009:** Merger with VT Group
- Babcock controls and manages 3 of 4 UK naval dockyards

2010s: Growth into sovereign naval prime partner

- **2010s:** Key contracts for UK support, sustainment and training
- **2015:** Middle East naval support
- **2017:** Both UK QEC aircraft carriers assembled and launched
- **2017:** Strategic consolidation around core defence sectors
- **2019:** AH140 design selected for UK Type 31 frigate programme

2020s: Transformation into global naval partner

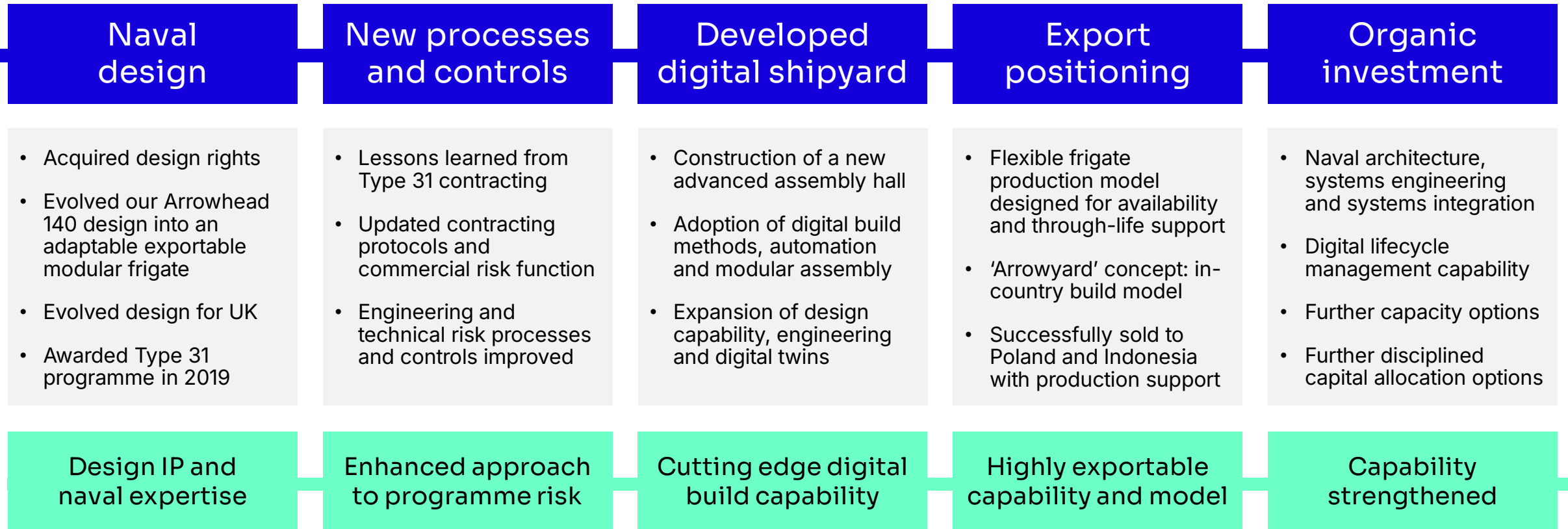
- **2021:** Poland selects AH140 design
- **2022:** Indonesia selects AH140 design
- **2022:** UK QEC aircraft carrier support
- **2022:** Australia RMP West support
- **2023:** Partnership growth with Australia under AUKUS pillar 2
- **2024:** Transformation agenda accelerates under new leadership

2025+ World-class naval build and support capability

- **Flexible, modular design and build**
- **Automated production**
- **Smart support**

How we developed a leading naval shipbuilding capability

Positioned to address global opportunities



UK Type 31 Inspiration Class frigate programme today

- Five ship programme – on track to be delivered by FY30
- Production status
 - **First of class – HMS Venturer:** float-off in May, final fit out and integration of combat systems under way in dock
 - **Ship 2 – HMS Active:** late-stage assembly, float off expected before end of FY26
 - **Ship 3 – HMS Formidable:** major block build underway
 - Ships 4-5 – expected complete by FY30
- Progressing delivery and execution to plan – tracking expected production 'norms' and unit cost profile
- Capability Insertion Programme awarded in FY25 (£65m)



Arrowhead 140

Already winning in the global market

Frigate
programmes

Indonesia
Merah Putih frigate



Poland
Miecznik frigate



Contracts
awarded

- Two AH140 licences sold in 2022
- Design, engineering, supply chain support

- Three AH140 licences sold in 2024
- Design, engineering, supply chain support
- Awarded contract for in-country build support with our Arrowyard concept

Why we won

- Design capability, adaptability and build-ability
- Design confidence from UK Royal Navy
- Wider maritime industrial growth partnership
- Strategic and political alignment

- Design capability, adaptability and build-ability
- Design confidence from UK and Indonesia
- Comprehensive transfer of knowledge and skills
- Strategic and political alignment

Opportunities

- Broader maritime partnership in negotiations
- Requirement for further 16 ships
- Engineering and in-country build support
- Future ship support

- Requirement for up to 5 further ships
- Further engineering and in-country build support
- Future ship support

Marine: growth strategy

Simpler, more focused approach, concentrating on priorities with impact

Strategic build and support partner

Strong focus on shipbuilding and manufacture

Grow internationally

Become multi-domain naval prime (ships – subs – build – support)

How we deliver our growth strategy

- Expand global strategic partnerships to enter new markets and programmes
- Scale global sustainment, training, and integration services
- Exploit differentiated capabilities to accelerate growth
- Greater modularisation of repeatable solutions and licensable IP
- Pursue bigger opportunities where we are clearly differentiated and contracted on the right terms
- Investment in core strengths and areas of differentiated value

Underpinned by our people strategy, improved commercial and technical risk frameworks and improved delivery

Marine – design, build, support: growth dynamics

Activity	FY25 revenue	Pipeline ⁺	Medium-term expectations	Commentary
Design and build	£260m	>£17bn	£500m-600m revenue by FY30	<ul style="list-style-type: none"> • Shipbuilding (>£16bn) • Advanced manufacturing (<£1bn) • Significant global opportunities • Manufacturing programmes • Long-term contracts, short-term licences upside • Targeting support options in bids
Support	£650m	>£5bn	Broadly stable to FY30; growth in next decade	<ul style="list-style-type: none"> • Long-term contracts underpin positions • UK fleet transition moderating near-term growth • Significant international opportunities driving long-term growth • Build programmes targeting follow on support

Marine: summary

Strong platform for growth with unparalleled specialist capabilities and high barriers to entry

Structural growth from global naval fleet recapitalisation

Increased opportunity set led by design and build activates (>£17bn pipeline⁺) and long-term support (£5bn pipeline⁺)

Organic investment to support growth, aligned with our Group capital allocation priorities

Confidence in the Marine sector delivering MSD growth and margin improvement to 9%+ in the medium term

Design and build

Paul Watson
MD Arrowhead



Design and build: key messages

Major long-term structural global defence market drivers

Strong position: leading naval shipbuilding and advanced manufacturing capabilities, and well developed infrastructure

Accelerating adoption of digital tools, capabilities and people strategy

Opportunity for disciplined organic investment to capture and deliver UK and global opportunities

Growing opportunity set, revenues to double to £500-£600m over the medium-term (with upside) and margin expansion potential

Design and build: what we do

Design



Complex platforms, systems and equipment design for through-life affordability, capability, availability

- Warship design and licencing
- Arrowhead 140 (AH140) used by UK, Indonesia, Poland, with significant further global export opportunities

Ship build



Digitally-enabled, high-integrity advanced manufacturing of warships

- Build and final assembly of Type 31 Inspiration Class frigates
- Warship build programmes

Engineering support



Transfer of knowledge and engineering to develop in-country design and build support

- Supporting Poland building a sovereign shipbuilding capability and supply chain to mirror the UK's Type 31 programme

Advanced manufacturing

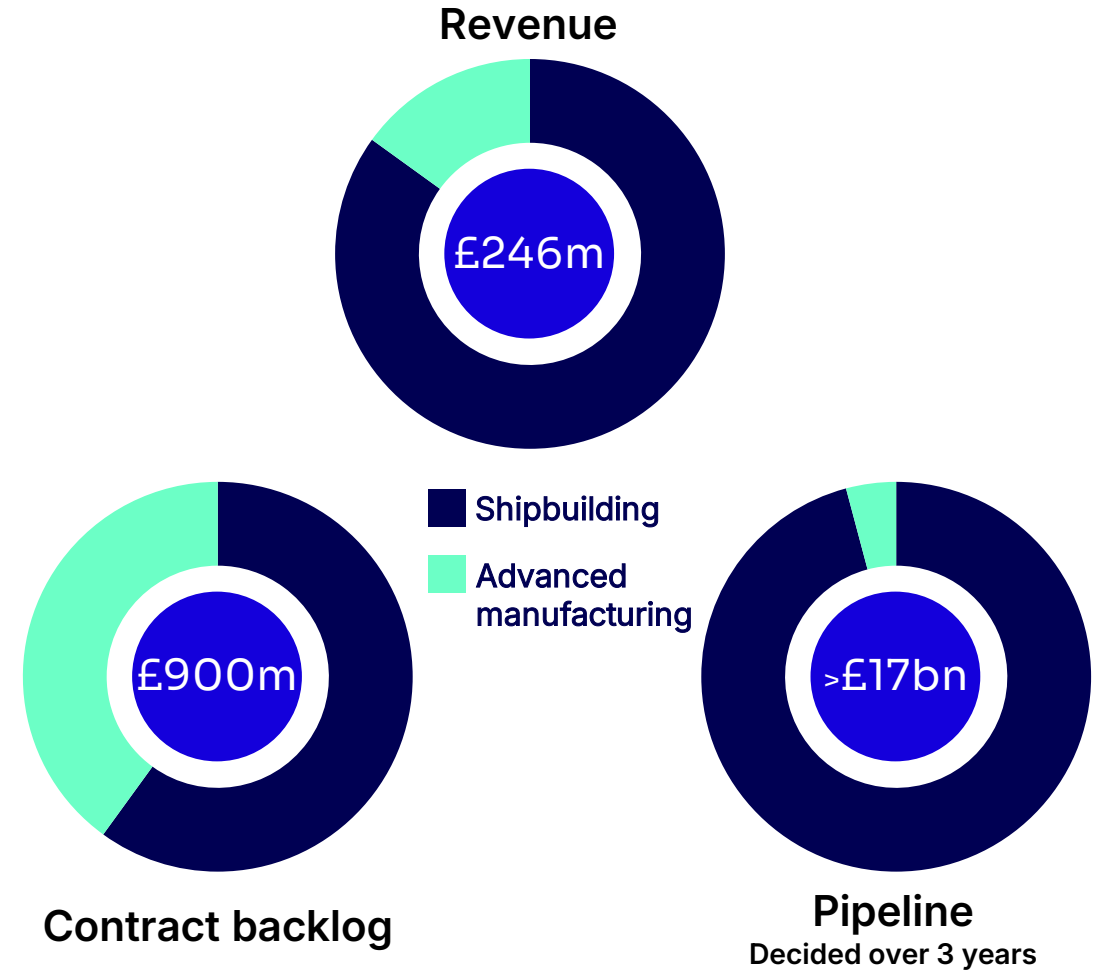


Digitally-enabled, high-integrity advanced manufacturing of systems and equipment

- Manufacture of ballistic missile tube assemblies for UK and US submarines
- Advanced manufacturing of large-scale blocks and structures

Design and build today

- Around 1,700 colleagues delivering for defence customers across: UK, USA, Poland, Indonesia and Sweden
- Long-term build contracts and short-term licence sales
- Competition: Global OEMs and smaller local shipyards
- Significant pipeline to be decided in the medium term
- High growth potential and margin expansion opportunity



Design and build: our differentiators

World-class, differentiated ship and equipment manufacturing base with exportability

People

- **Skilled workforce** of over 1,700
- Skills, technology and capability training agenda to support growth

Specialist engineering capability

- **Owned IP with design authority**
- **Advanced shipbuilding capability** with scalability and adaptability for affordable warships
- **Leading edge technologies for advanced manufacturing** – digital tools, digital dockyard
- Autonomous systems, secure data, future technology integration and open architecture for future proofing
- **Modular designs and flexible in-country build models**

Well invested assets and infrastructure

- **Well invested, world-class modular manufacture and digital dockyard at Rosyth** - automation, robotics
- State of the art manufacturing equipment
- Developed global supply chain

Track record

- **Design, shipbuilding and assembly track record** built over 30+ years (UK QEC, Irish OPVs, US Coastguard cutter)
- Engineering expertise in high tolerance manufacturing on US submarine programme build

Integration and collaboration

- Focused on **alliances, collaboration and partnering**
- Strong synergies teaming with Missions Systems, Civil Nuclear and Group focus countries

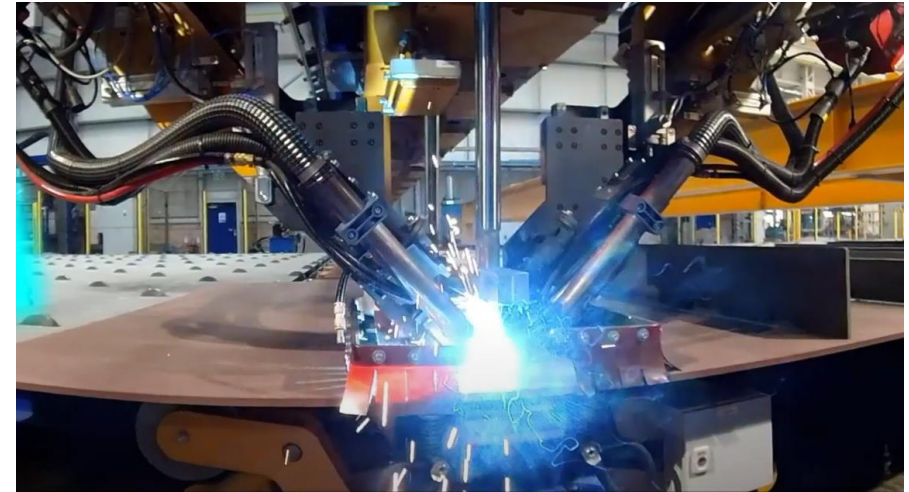
Advanced manufacturing

What we do

- The UK's first large scale, digitally enabled advanced manufacturing facility, delivering high integrity, large scale, structural manufacturing of complex defence components and structures
- Very high barriers to entry: low tolerance, digital precision engineering capability supported by robotics, low-defect welding, laser scanning and skills development

Why is this important? – Access to high value strategic programmes, e.g. US submarine programmes

- US-UK Common Missile Compartment programme – c.240 tubes for the UK Dreadnought and US Columbia classes – No 1 defence priority for both countries
- Current market share 80% for both programmes
- Only UK manufacturer supplying the US Navy with missile tube assemblies
- Programme c.50% contracted as at FY25: c.£360m backlog over 4 years
- Delivery ramping up further over next two years, c.£600m still to be contracted



Market dynamics

Increasing global threat leading to re-focus on naval capabilities

Drivers

Global defence
spending increases

Cost optimisation
and efficiency gains

Digital and
autonomous
technology

Dynamics

- Rising global naval investment across allied nations
- Focus on speed of delivery
- NATO rearmament commitments
- Industrial base revitalisation and recapitalisation
- Readiness and fleet expansion imperatives

- Customers seeking less complex ships opting for more affordable, flexible platforms
- Shipyard capacity and skilled labour shortages
- Rising material and energy costs
- Increased demand for sovereign build and capabilities
- Through-life affordability focus

- Naval security, autonomous threats and capacity constraints driving autonomous systems
- Rapid advancement in AI, sensor technologies and digital engineering
- Labour shortages, training burdens and budget constraints

Availability

Affordability

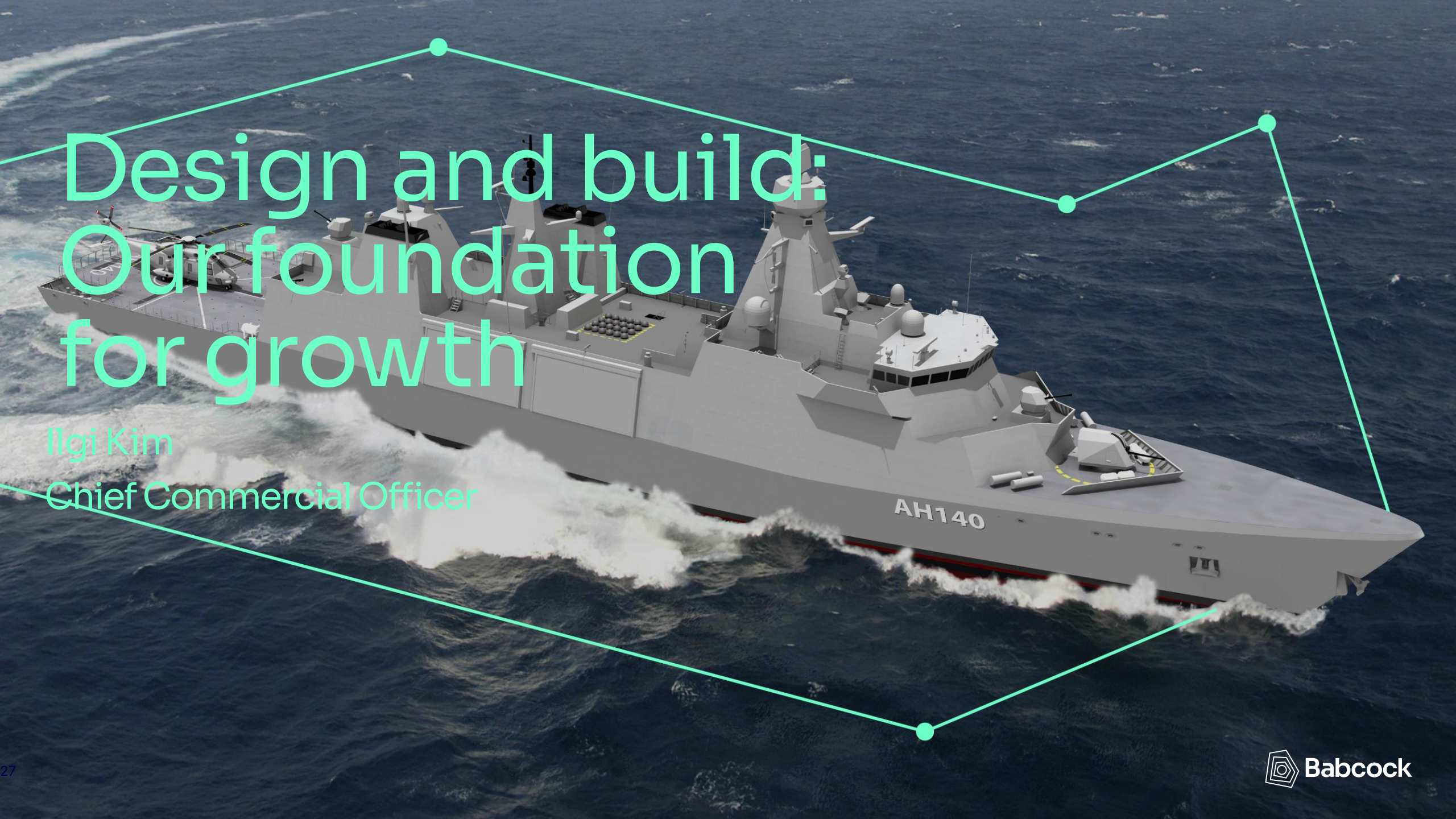
Capability

Design and build: summary

Strong position: leading naval shipbuilding and advanced manufacturing capabilities, and well developed infrastructure

Major long-term structural global defence market drivers

Accelerating adoption of digital tools, capabilities and people strategy



Design and build: Our foundation for growth

Ilgi Kim
Chief Commercial Officer

Design and build: strategy to address the opportunity

Targeted, advanced international platforms delivered with investment

Focus on targeted programmes

- UK and in-country build capabilities
- Exportable platforms (from the UK)
- Prioritised programmes with impact
- Modular mission-configurable ships

Digitisation, automation, autonomy

- Modular automated digital shipbuilding
- Integration of advanced digital systems to enhance performance and decision making
- Autonomy enabled designs and platforms

International partnerships

- Strategic geographic access
- Knowledge sharing of proven design and build expertise
- Joint innovation and development
- Access to wider opportunity set

Underpinned by disciplined organic investment

People

- Develop skills and training
- Data enabled decision making

Capability

- Expand capabilities with further automation, digitisation and robotics

Capacity

- Increase shipbuilding and manufacturing capacity at Rosyth

Shipbuilding: significant medium-term opportunities

Long-term opportunities (> 10 years)

Focused medium-term opportunities

£460bn

Global programmes⁺
Total market

- 400+ programmes
- c.2,000 ships
- Destroyers and frigates
- Carriers, support vessels and amphibious fleets
- Corvettes
- OPVs
- Fast attack
- Other

£88bn

Addressable⁺
Based on our capabilities

- 80+ programmes
- c.400 ships
- Frigates
- Support vessels
- Corvettes
- OPVs
- Other

>£23bn

Pipeline + tracking
decided over five years

>20 60+

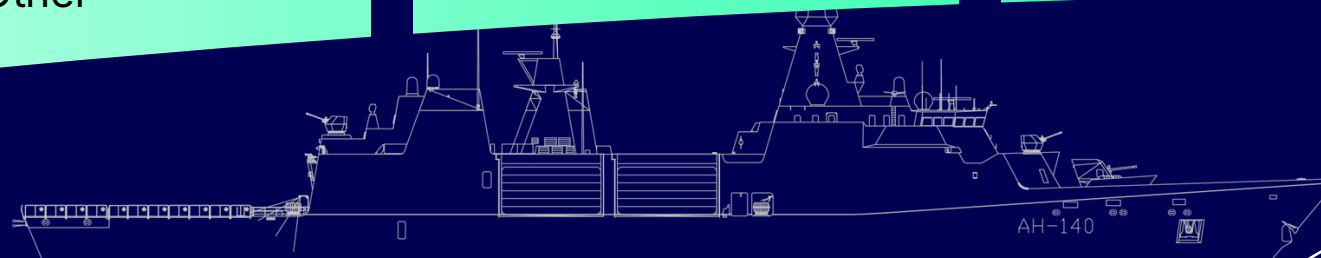
Programmes Ships
Build + Licences

>£16bn

Pipeline
decided over three years

5 20+

Major build
programmes Ships



Shipbuilding: targeted near-term campaigns

>£16bn

Decided over three years

5

Major build programmes

- Average programme 7-10yrs
- Excludes through-life support options

20+

Ships

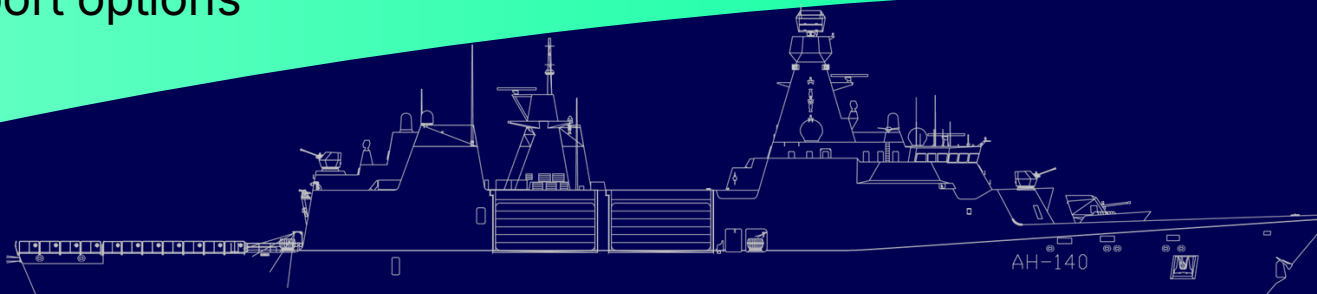
Strong incumbent positions

- National shipbuilder
- Long-term support partner
- Embedded in current programmes
- Common platforms
- Strategic partnerships with national champions

Medium-term guidance based on winning two new programmes, representing

£250m-350m additional annual revenue by 2030

Upside from further licence sales and engineering support opportunities in Poland and Indonesia



Advanced manufacturing: significant long-term potential

Long-term opportunities (> 10 years)

Focused medium-term opportunities

Long-term tracking and prospecting opportunities >£2bn

Decided over 10+ years

- Global SMRs and AMRs
- US submarine programmes
- UK civil nuclear equipment (Sizewell, Sellafield)
- UK defence nuclear (AWE)

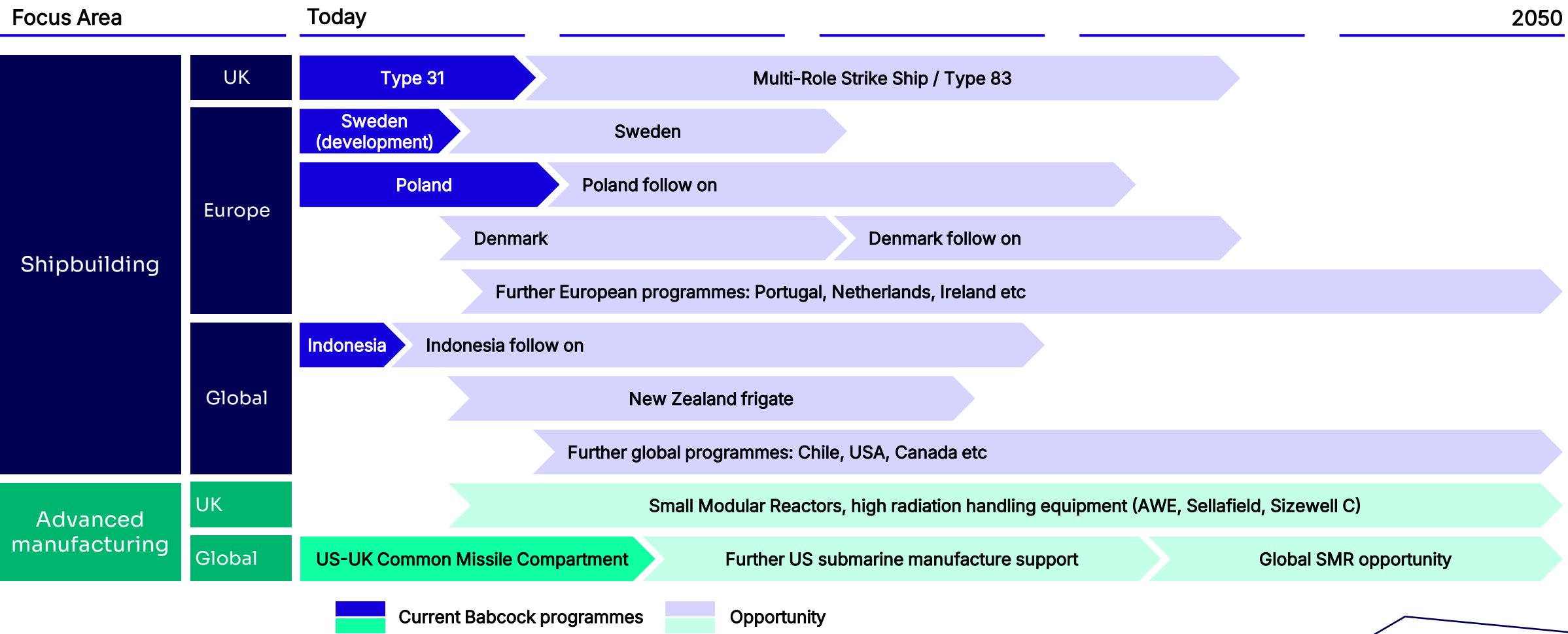
Medium-term pipeline >£500m

Decided over 3 years

- Missile Tube Assemblies growth (high barriers to entry)
- Civil and defence nuclear (gloveboxes, SMRs, new build)
- Further US submarine manufacturing opportunities
- Deliverable over 5-10 years

Design and build: long term visibility and opportunity

A strong, diverse and international pipeline for sustained growth



Design and build: summary

Major long-term structural global defence market drivers

Strong position: leading naval shipbuilding and advanced manufacturing capabilities, and well developed infrastructure

Accelerating adoption of digital tools, capabilities and people strategy

Opportunity for disciplined organic investment to capture and deliver UK and global opportunities

Growing opportunity set, revenues to double to £500-£600m over the medium-term (with upside) and margin expansion potential

Q&A



Support

Phil Craig
MD Programmes

Support: key messages

Shipbuilding and navy recapitalisation driving long-term growth opportunities

Strong positions built over decades with support in focus countries

Provide services to support availability, capability, affordability

Leverage advanced digital support, operational asset knowledge, expertise

Current and future naval shipbuilding programmes driving long-term support opportunities

Stable medium-term outlook; growth after FY30

Support: what we do

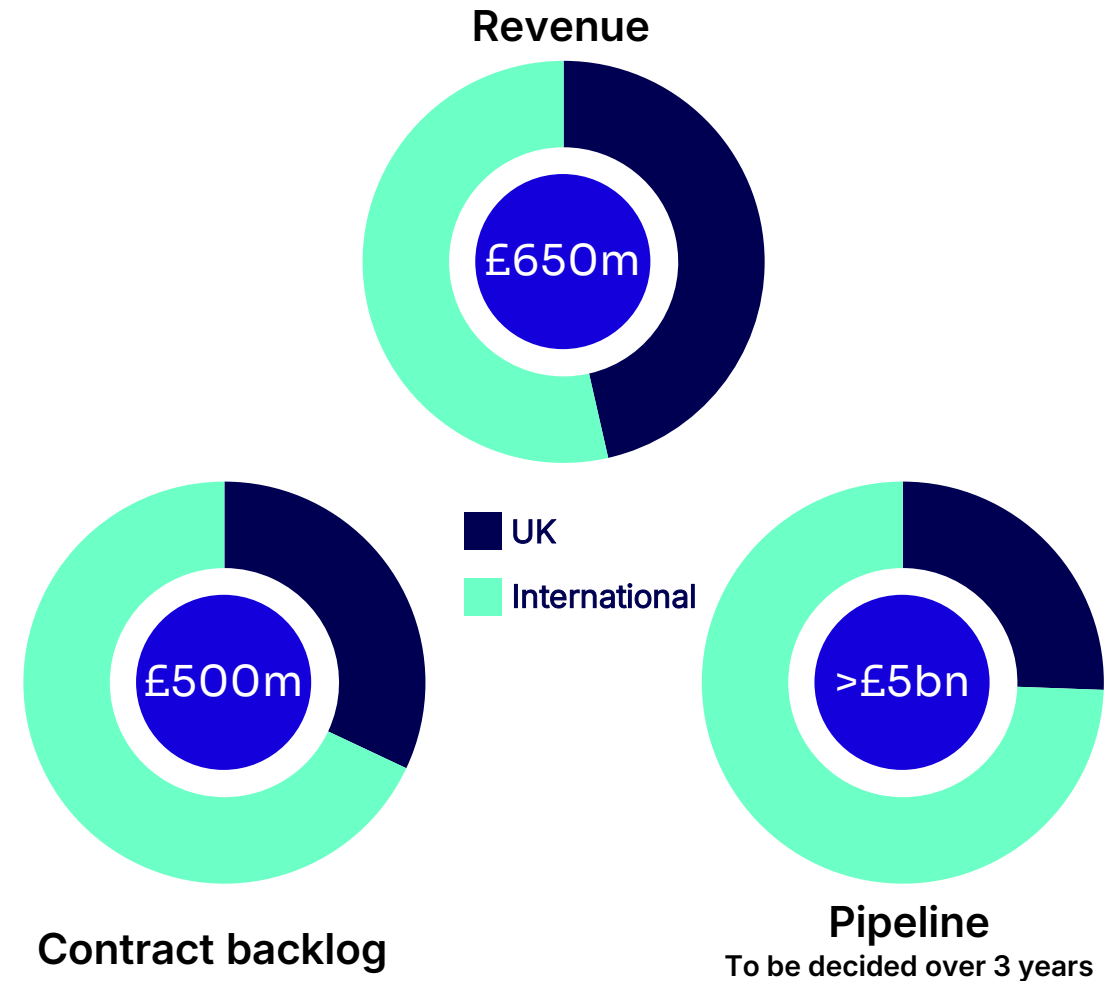
Long-term partner to global navies, providing through-life engineering for availability of warships, conventional submarines and equipment

Focus area	Support portfolio today	Delivering
UK	Queen Elizabeth Class (QEC) carriers	<ul style="list-style-type: none"> In-service support for warships and conventional submarines Through-life support, deep maintenance and life-extension of warships and conventional submarines
	Type 23, amphibious, smaller vessels	
	Equipment: QEC, Type 45	<ul style="list-style-type: none"> Engineering support and digital defence solutions Integration and upgrade of platforms, systems and equipment Delivering engineering and support at owned and managed dockyards Bidding shipbuilding programmes with through-life support offering
Global	AUS & NZ: warship fleet support	
	CAN: Victoria Class submarines	
	AUS: Collins Class submarines	
Second owners	BRA: Landing Helicopter Dock	
	UKR, ROM: Mine Counter Measure	
Design and build	Targeting through-life support	



Support today

- Over 3,200 colleagues delivering for government customers across: UK, Australia, New Zealand, Canada, Ukraine, Brazil
- Long-term relationships, contracts and frameworks
- Competition: OEMs and smaller local shipyards
- UK contract backlog reflects final year of FMSP ship support ahead of long-term contract renewal
- Stable and cash generative underpinned by long-term support contracts



Support: key contracts / programmes

Technical through-life support across warships, conventional submarines and equipment

UK



FMSP – Future Maritime Support Programme

- **UK surface ship support** elements of the Future Maritime Support Programme (Shared with Nuclear)
- **Through-life support and life-extension** of Type 23 frigates, amphibious fleets and small craft

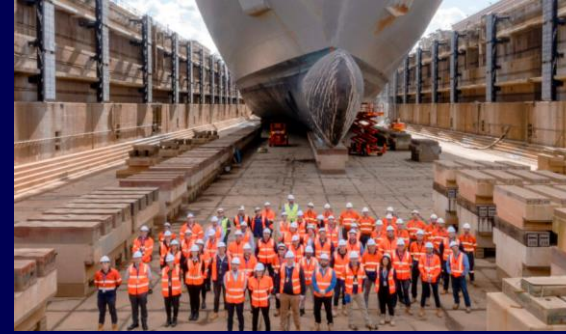
Canada



Victoria In Service Support Contract (VISSC)

- The **largest naval support programme in Canada**, sustaining four Victoria Class submarines through deep maintenance, refit and fleet support
- Strong position as **trusted support partner for capability, availability, affordability** and life extension

Australasia



Regional Maintenance Provider (RMP) West

- Manage **in-service ship support and through-life maintenance** for western Australia
- **Strong track record of providing long-term support** to ANZAC Class frigates and Land Helicopter Dock fleet

Second owners



Brazil – Ukraine – Romania

- **Brazil:** NAM Atlantico (formerly HMS Ocean) support since 2020. Also engaged in support discussions for UK amphibious fleet sales
- **Ukraine:** MCMV support since 2024
- **Romania:** recent handover of MCMV with long-term support discussions

Support: market dynamics

Fleet recapitalisation, rising geopolitical risks and operational intensity

Drivers	Dynamics
Global fleet recapitalisation	<ul style="list-style-type: none">• Build programmes driving long-term structural requirement for future support• Phasing of new build programmes driving need for availability and life-extension of current assets
Geopolitical instability	<ul style="list-style-type: none">• Driving naval readiness - requires maximum operational performance and availability• Workforce and shipyard capacity constraints making asset availability critical• Rising operational tempo requiring more frequent agile support solutions
Support 'digitisation'	<ul style="list-style-type: none">• Complex multi-domain operations require integrated real-time support tools across fleets and systems• Demand for predictive and condition-based maintenance accelerating adoption of digital solutions• Skills labour shortages - greater automation, remote assistance and knowledge capture tools
Reduced cost of ownership	<ul style="list-style-type: none">• Rising capital and operating costs forcing navies and operators to maximise asset efficiency and lifespan• Shipyard capacity constraints making in-service upgrades more viable option than newbuild solutions



Support: our differentiators

Specialist engineering capability

- **Deep technical competence and through-life operational asset knowledge** supporting systems and platforms
- **Leading edge technologies and capabilities** – Digital engineering, digital dockyard, predictive support

Assets and infrastructure

- **Owned UK dockyards (Devonport and Rosyth)** – advanced support, only QEC dock, frigate hall, logistics hubs
- **Managed dockyards** (New Zealand, Oman)

Track record

- **Strong reputation and global footprint** built over 30 years as a prime provider of whole-fleet through-life support
- **Track record of long-term integrated, performance-based output contracts** (UK, CAN, AUS, NZ)

Integration and collaboration

- Focused on **alliances, collaboration and partnering**
- **Strong synergies** across Missions Systems and Group focus countries

Long history of expertise across warship, conventional submarine and equipment support

Support: strategy

Delivering integrated, through-life and digital solutions that maximise availability



Secure next generation of UK contracts

- Secure future support contracts from **design and build programmes**: T31
- Secure future support
- Focus on efficiencies and market share
- Support design and build programmes bidding activity for through-life support

Accelerate international growth

- Secure future support contracts from our **design and build programmes**
- Grow and evolve **strategic partnerships**
- Target support for **second owners**: Brazil, Chile, Ukraine

Increase technical differentiation

- Delivering availability, capability, and affordability through **smarter, digitally enabled support solutions**
- Combining deep naval expertise with advanced data platforms to drive **predictive maintenance**

Digital support - predictive maintenance deep dive

Transforming support: Reactive to predictive

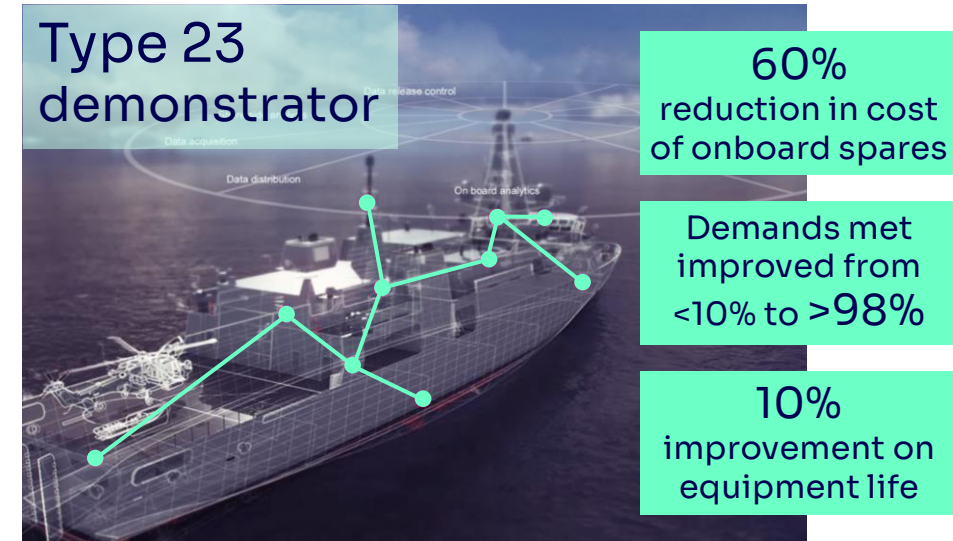
We are embedding digital twins, predictive maintenance, and AI-enabled fleet management across support contracts, maximising availability, affordability, and positioning us as a leader in digitally enabled support.

Current market context

- Ageing fleets: unplanned downtime is frequent
- Reactive support bias: cycles dominate dockyards – driving higher costs and lower agility
- Data fragmentation: platforms use siloed data architectures, limiting cross-fleet insight
- Supply chain bottlenecks: legacy inventory systems slow down delivery

Strategy

- Integrate: sensor-driven predictive maintenance and digital twins to manage performance
- Unify a digital backbone with global data consolidation into a common analytics framework
- Supply chain for readiness with predictive forecasts, spares logistics and supplier integration
- Capture predictive supportability in our design and build programmes



Babcock's value proposition

Higher asset
availability

Cost-efficiency
and differentiation

Stronger export
offering

Reputation as a
digital naval prime

Support: long term visibility as new platforms enter service

A strong, diverse and international pipeline for long-term growth

Focus area	Portfolio today	Medium-term	Long-term	
UK	FMSP		Naval Support Integrated Global Network (NSIGN)	
	Queen Elizabeth Class (QEC) carriers	FMSP warship support extension		QEC carriers follow on support and re-role (Strategic Defence Review)
	Type 23, amphibious, smaller vessels			Type 26 at Devonport, smaller vessels
	Equipment: QEC, Type 45			Equipment support
		Type 31 support	Multi-Role Strike Ship and Type 83	
Global	AUS & NZ: warship fleet support	AUS: RMP renewals, Hunter support NZ: renewals, dry dock, new frigate support, long-term partnering		
	CAN: Victoria Class submarines	CAN: Victoria Class submarine support follow on	CAN: submarine replacement programme	
	AUS: Collins Class submarines	AUS: Collins Class submarine support follow on	AUKUS: US Virginia + AUKUS support	
Second owners	BRA: Landing Helicopter Dock (LHD)	New owners of UK amphibious fleet		
	UKR, ROM: mine counter measure	New owners of UK Type 23 frigates		
Design and build	Support for our design, build, and licence sale successes			

Current Babcock programmes

Opportunity

 Current Babcock programmes
  Opportunity

Support: summary

Shipbuilding and navy recapitalisation driving long-term growth opportunities

Strong positions built over decades with support in focus countries

Provide services to support availability, capability, affordability

Leverage advanced digital support, operational asset knowledge, expertise

Current and future naval shipbuilding programmes driving long-term support opportunities

Stable medium-term outlook; growth after FY30



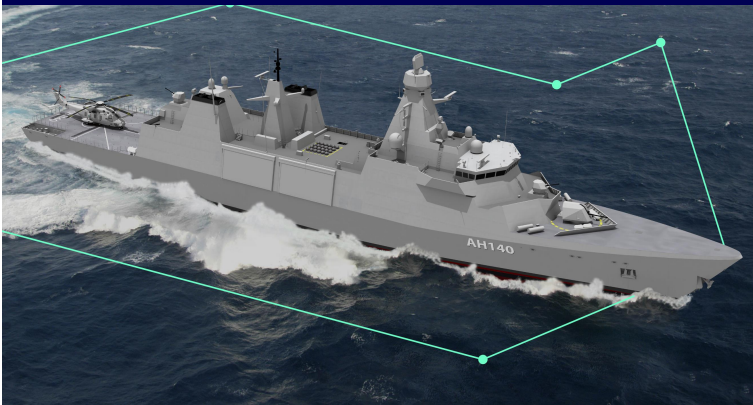
Improved outcomes

Sir Nick Hine
Marine CEO

Marine: improved outcomes

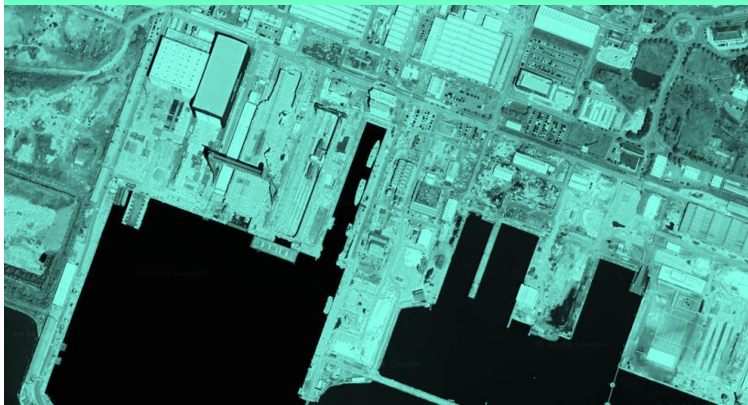
Marine Sector a key contributor to achieving the Group's medium-term guidance, underpinned by:

Growth



- Significant opportunity in Design and build - >£17bn pipeline⁺ – strong double-digit growth over medium-term
- Steady, cash generative Support business with long-term growth driven by fleet recapitalisation - £5bn pipeline⁺

Investment



- Developed one of Europe's most advanced naval shipbuilding and manufacturing capabilities in Rosyth
- Further organic investment to support growth, aligned with our Group capital allocation priorities

Margin



- Quality growth and improved delivery expected to drive Marine sector margin to 9%+ over the medium-term

Investing for growth

Strengthening the business to capture growth opportunities

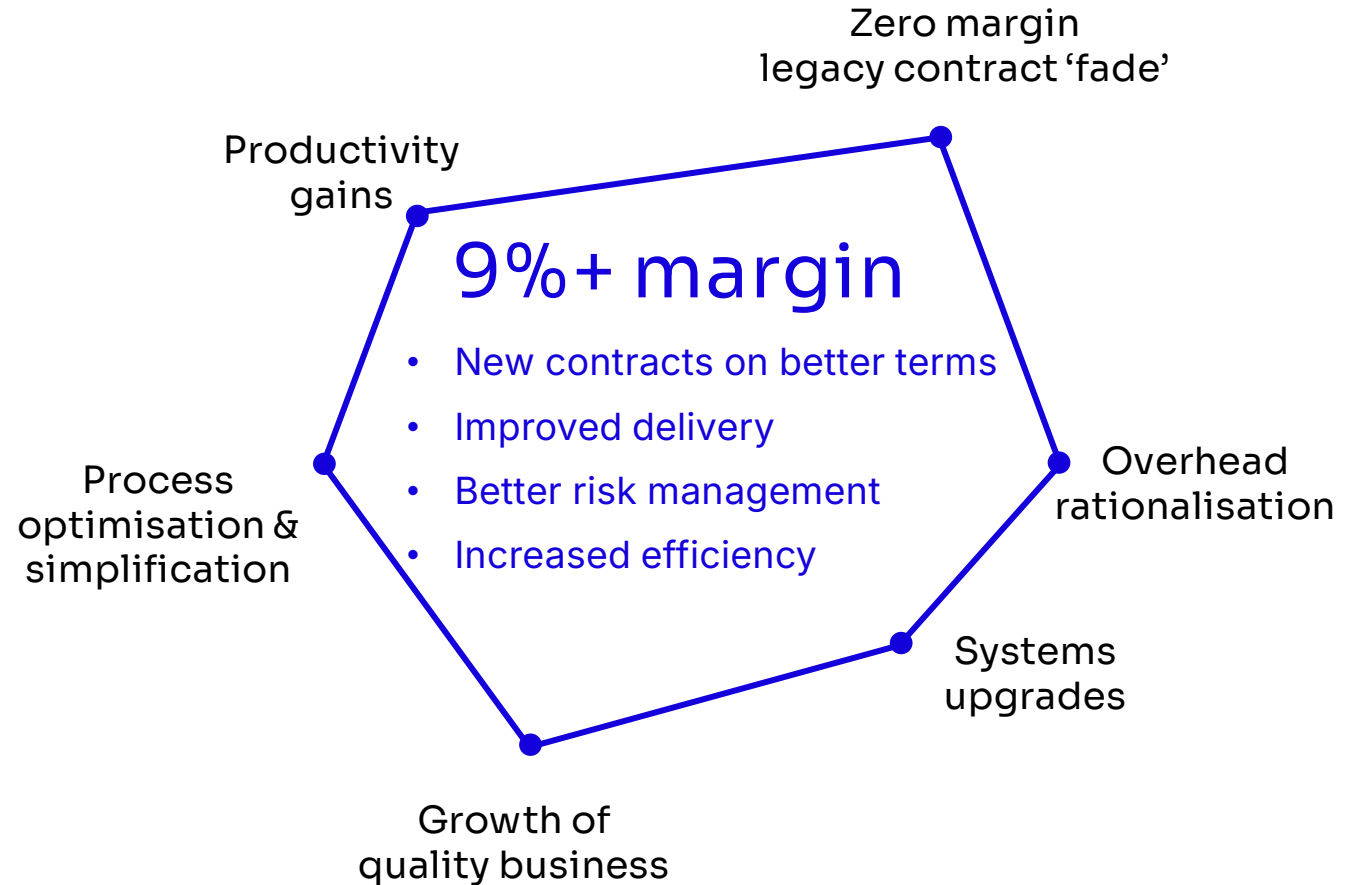
Investment focus		Outcomes
People	<ul style="list-style-type: none">• Develop employee skills and capability• Cutting edge technology training from design to manufacture and testing• Enable people through data integration throughout engineering lifecycles	<ul style="list-style-type: none">• Increased capability + innovation• Higher engagement + retention• Stronger leadership pipeline + resilience
Capability	<ul style="list-style-type: none">• Further advanced manufacturing equipment for full automation technology• Continued development of digital capability (digital shipyard)• Focusing R&D in the right places, futureproofing capabilities	<ul style="list-style-type: none">• Competitive advantage + differentiation• Increased productivity + delivery• Organisational agility + growth readiness
Capacity	<ul style="list-style-type: none">• Fully funded plan in line with medium term Group guidance• Additional investment in capacity at Rosyth to capture and deliver UK and global design and build programmes subject to contract awards	<ul style="list-style-type: none">• Greater capacity + confidence for customer delivery schedules• Operational resilience + flexibility• Foundation for scalable expansion

Margin journey – roadmap to 9% +

Delivering on the pillars of margin improvement

Marine Sector on track to support Group medium-term margin target of 9%+

- Type 31 margin drag fading until FY30 (c.90 basis points vs FY25 Marine margin 6.1%)
- Margin on future programmes consistent with Group targets
- Future licence sales and advanced manufacturing upside
- Significant further efficiencies to be delivered supporting margin expansion



Summary

Marine: a strong pillar for sustainable growth and shareholder value

Strong platform for growth with unparalleled specialist capabilities and high barriers to entry

Structural growth from global naval fleet recapitalisation

Increased opportunity set led by design and build activates (>£17bn pipeline⁺) and long-term support (£5bn pipeline⁺)

Organic investment to support growth, aligned with our Group capital allocation priorities

Confidence in the Marine sector delivering MSD growth and margin improvement to 9%+ in the medium term

...and we are only getting started

Q&A

Rosyth Royal Dockyard

Gareth Hedicker
Marine Chief Operating Officer



Rosyth's history

A long history with the UK Royal Navy and shipbuilding

Over 100 years of Royal Naval history:
from Edwardian era dockyard to
advanced dockyard today

- Constructed between 1900-1916
- 1940s+ major wartime naval base
- 1960s+ nuclear submarine facility (30yrs)
- 2000s+ aircraft carrier assembly
- 2010s+ missile tube assemblies
- 2020s+ advanced shipbuilding
- Europe's largest non-tidal basin
- Goliath crane one of the biggest in Europe

Invested and upgraded into the advanced
shipbuilding and manufacturing
capability you will see today



Rosyth: overview

- **What we do:** Ship build, support, advanced manufacturing, LGE, dismantling
- **Group synergies:** Nuclear, Mission Systems
- **Key defence customers:** UK Royal Navy, General Dynamics Electric Boat
- **Differentiators:** advanced ship production line, only dock for QEC refits

Direct Impact

- 2,500 people and growing
- Bespoke skills programmes
- Panel line operations (new technology)
- Increasing early careers entry routes
- Over 200 apprentices and graduates in flight
- Over 200 production support operatives

Indirect Impact

- Support 9,500 jobs
- Indirectly employ 5,400
- £500m+ to Scotland GDP

What you'll see today



HMS Venturer



Submarine dismantling



HMS Queen Elizabeth



Venturer building



Advanced shipbuilding



Advanced manufacturing

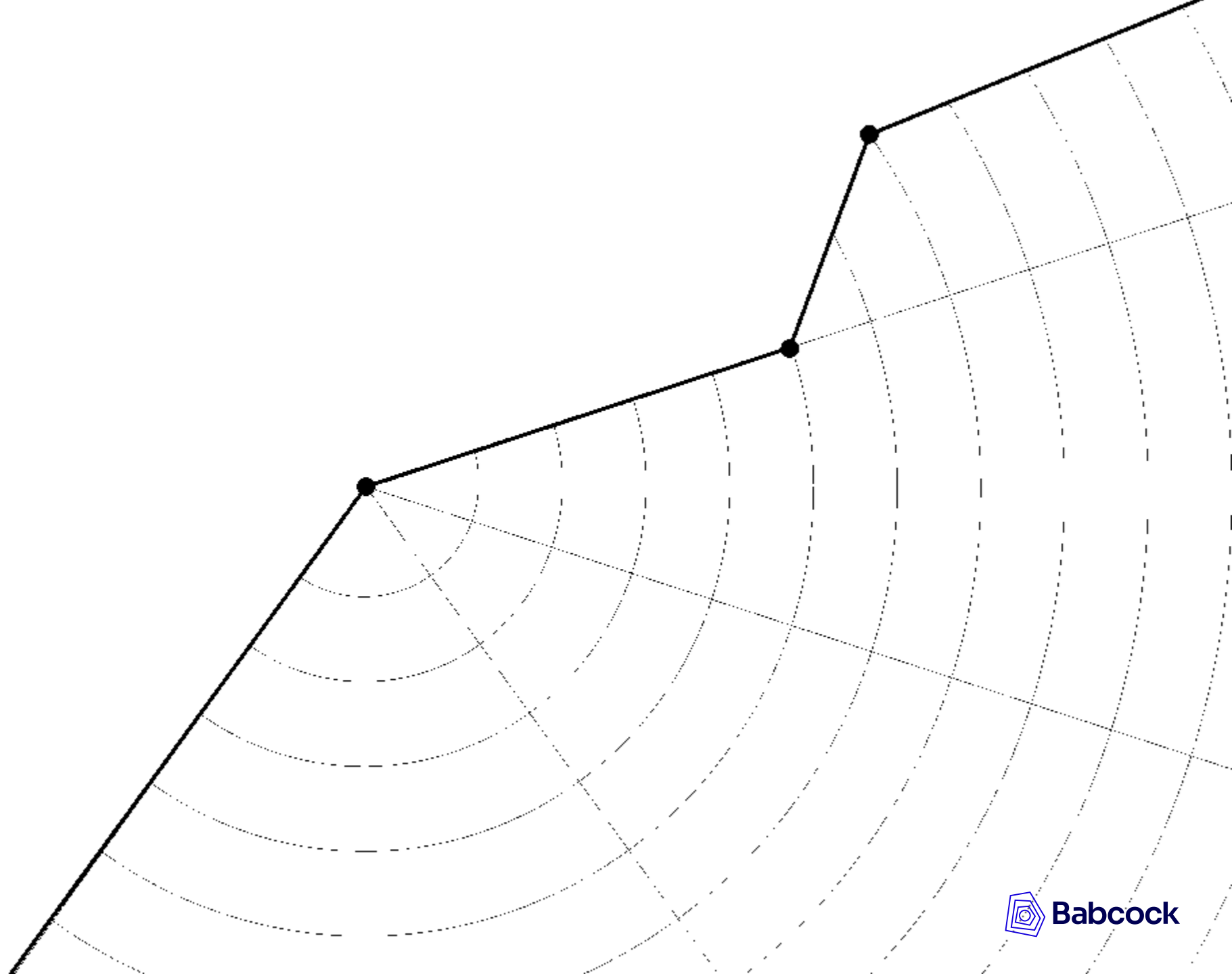


Health and Safety

- Working dockyard with hazards
- Stay in your groups
- Assigned PPE, please use all PPE at all times
 - hi-vis, hard hats, glasses, gloves
- Personal audio equipment will be provided on transport
- Use handrails, stay within designated routes
- Please be aware of heights in the Venturer building
- Planned alarms: HMS Queen Elizabeth at 2pm
- No photography unless at designated point



Appendix



Marine – key contracts

Contract	Customer	Start	End	Country	Notes
Type 31 + Capability Insertion Programme	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	RCN	2008	2027	Canada	Victoria In Service Support Contract (VISSC) to sustain Royal Canadian Navy's submarines
UK Dreadnought Class systems	UK MOD	2006	2031	UK	Design and manufacture weapons handling launch systems and signal ejectors for Dreadnought
Maritime Fleet Sustainment Service	RNZN	2022	2029	NZ	Management of Devonport Dockyard in Auckland and sustainment of Royal New Zealand Navy
UK/US CMC tube assemblies	General Dynamic	2014	2026	UK/US	Manufacturing tube assemblies for the joint UK Dreadnought and US Columbia programme
Defence Strategic Radio Service	UK MOD	2021	2030	UK	DSRS: 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
Regional Maintenance Provider West	RAN	2023	2028	Australia	RMP West: sustainment of OPVs in Western Australia over the next five years
Skynet 6 Service Delivery Wrap	UK MOD	2023	2029	UK	Management and operation of Skynet, the UK MOD's military satellite communications system

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