16 September 2026

AGM trading update – Good momentum, trading in line, full year expectations unchanged

Babcock International Group ("Babcock" or "the Group") provides an update on the first five months of FY27 ahead of its Annual General Meeting later today.

Highlights

- Trading in line with expectations – full year outlook and medium-term guidance unchanged
- Continued strong performance in Nuclear and Aviation, with demand across our core defence markets remaining robust
- CEO transition successfully completed
- Further £200 million share buyback launched in July, expected to complete by end of FY27
- £250 million six-year sterling bond issued, extending the Group's debt maturity profile

Trading on track

The Group has maintained good momentum into FY27, with trading in line and full year expectations unchanged. We continue to make progress against our strategy, through our export and strategic partnership models and product and support capabilities. The Group remains focused on disciplined execution and delivery, cash generation and selective investment to support sustainable growth and shareholder returns. We remain confident that we will achieve our medium-term guidance.

CEO transition complete

The CEO transition has now successfully completed, with Harry Holt becoming CEO on 31 July, providing continuity in delivery, customer relationships and execution of our strategy. David Lockwood will remain with the Group further supporting the succession until his retirement in January 2027.

Following a comprehensive transition period working closely with David and the wider executive leadership team, Harry has progressed a number of organisational and leadership changes aligned with his priorities. These changes are aimed at driving growth, accelerating further transformation delivery, and continuing to build the capabilities and capacity required to deliver sustainable growth and long-term performance.

Harry Holt, Group CEO, said:

"Since becoming CEO, I have focused on maintaining disciplined execution, engagement with customers, shareholders and partners, investing in our people and sharpening the Group's priorities for sustainable long-term growth.

"We have started FY27 with good momentum and operational delivery, supported by strong demand across our core defence and nuclear markets, while in the near term the UK Government continues to confirm the details of the implementation of their Defence Investment Plan.

In this era of global tension and the rapidly changing nature of warfare, our priorities are clear: deliver for our customers, strengthen programme performance, maintain capital allocation discipline and convert our strong market positions into long-term growth. I am excited about the opportunities ahead and I look forward to sharing more at our half year results in November."

Operational highlights

Defence nuclear

- Our six-month Future Maritime Support Programme (FMSP) bridging agreement with the UK MOD has enabled us to continue to deliver increasing levels of critical naval base and nuclear submarine fleet support while the new long-term 'Gateway' support agreement is finalised.

Defence programmes

- Awarded a CAD$1.2 billion (c.£0.6 billion) six-year extension to lead and deliver Victoria Class submarine in-service support for the Royal Canadian Navy, with potential to extend the contract up to the fleet's expected end of life, in the late 2030s.

- Selected as preferred bidder for an eight-year contract to support operational combat training for the French Air Force, our first combat flight training contract in support of France's warfighting readiness.

- Announced our collaboration with Supacat to enhance our General Logistics Vehicle offering for the British Army's Light Mobility Vehicle programme, which is intended to replace the retiring Land Rover fleet. The Supacat partnership builds on the delivery of the final British Army Jackal vehicle from our production line, demonstrating our ability to deliver complex vehicle manufacture and integration.

- Awarded a follow-on contract by the UK MOD to ensure Ukraine's gifted military vehicles, including Challenger II tanks, remain frontline-operational.
- Poland floated off its first Miecznik Class frigate, based on the AH140 design, further evidence of the comprehensive knowledge and technology transfer programme to support Poland's sovereign skills, industrial base and capability, and a key component of our frigate license and export proposition.
- Awarded a follow-on AUS$118 million (c. £60 million) five-year capability and availability contract, in partnership with Saab, for critical through-life engineering and supply chain support for the Royal Australian Navy's Anzac Class frigates.

Energy security

- Building on our Litmus Nuclear JV's Owners' Engineer contract award in April, supporting initial SMR deployment, we have expanded strategic relationships with reactor vendors and key deployment programmes, including technical support for X-energy's Xe-100 reactor technology.

Modernisation and technology at the heart of UK defence investment

We welcomed the Government's Defence Investment Plan (DIP), published in June, which outlined £298 billion of spend over the next four years, with further clarity on the funding expected at Budget 2026. This sustained, long-term investment will modernise defence, strengthen UK, NATO and European security, reindustrialise the UK and build the future skills base.

In August we welcomed the Defence Secretary and Defence Minister for Readiness and Investment to HMNB Devonport and the Dockyard where they announced, Royal Oak, a £26 billion programme to modernise critical naval infrastructure over the next 10 years. This includes £7 billion to deliver major upgrades across the Naval Base and Dockyard, with a further £15 billion to regenerate HMNB Clyde. As the sole through-life support provider for the UK's nuclear submarine fleet (including the deterrent) and incumbent site operator for HMNB Devonport and Clyde we are well placed to benefit from these investment plans.

The DIP also outlined the direction of next-generation defence technologies. The Hybrid Navy exploits autonomous, uncrewed, missile, sensor, radar and undersea platforms and is supported by around £1.5 billion to develop the capability over the next four years. Through ARMOR Force, Babcock is working with HII and Arondite to combine and develop autonomous systems, modular technology and digital innovation in support of the Government's ambitions.

Balance sheet strength and financial discipline

We are maintaining a disciplined approach to capital allocation, balancing investment in organic growth, balance sheet strength, and shareholder returns. During the period, we issued a £250 million six-year sterling bond under our Euro Medium Term Note Programme, extending our debt maturity profile and enhancing financial flexibility. In July, we launched a further £200 million share buyback programme, which we expect to complete by the end of FY27. Together, these actions reinforce the Group's financial position, preserving flexibility to invest in strategic growth while continuing to deliver shareholder returns.

HY26 results

The Group expects to publish its HY27 results on 19 November 2026.

ENDS

The person responsible for arranging the release of this announcement on behalf of Babcock is Jack Borrett as Company Secretary.

For further information:

Andrew Gollan, Director of Investor Relations	+44 (0)7936 039004
Karen Mitchell, Group Director of Communications	+44 (0)7568 103242
Harry Cameron, Teneo	+44 (0)20 7353 4200