Babcock is an engineering services company with market leadership in our core markets. We provide skilled bespoke engineering services to our customers to provide them with better capability, reliability and availability of their critical assets as well as significant cost savings.

Our strategy focuses on three markets:

- **Defence**
  - 47% of Group revenue
  - UK Naval and International Naval
  - Technology

- **Emergency Services**
  - 12% of Group revenue
  - Emergency Services and Training (ES&T)
  - Networks and Equipment Support (N&S)

- **Nuclear**
  - 13% of Group revenue
  - Decommissioning JVs
  - Nuclear services

with strong market positions based on our strengths:

- **Sector specific technical expertise**
- **Deep customer relationships**
- **Unique infrastructure assets**
- **Long-term contract visibility**

and clear priorities:

- **Focus on core markets**
- **Sustain margins**
- **Develop UK business**
- **Expand internationally**

Driving value for customers and shareholders

<table>
<thead>
<tr>
<th>FY18 results</th>
<th>Underlying revenue</th>
<th>Underlying operating profit</th>
<th>HY19 results</th>
<th>Underlying revenue</th>
<th>Underlying operating profit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£5,363m</td>
<td>£585m</td>
<td></td>
<td>£2,577m</td>
<td>£280m</td>
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</tbody>
</table>

**Marine**

Delivering complex through-life marine engineering

- UK Naval and International Naval
  - UK, CAN, AUS submarine refit support and refits (100% UK & CAN)
  - UK, AUS, NZ surface fleet support
  - Naval base operations and training
  - Vessel design & build engineering
- Technology
  - Equipment support
  - Engineering consultancy
  - Cyber, intelligence and security
  - Weapons handling & launch systems
  - Liquid gas process engineering

Revenue: £1,788.9m
Operating profit: £235.1m
Margin: 13.1%
International: 21%
Civil/defence split: 15/85
Public/private split: 90/10

**Land**

Delivering large scale critical fleet management and training

- Defence
  - British Army training
  - British Army fleet management, c.50,000 vehicles
  - Aircraft support and availability
  - Airbase support
  - Emergency Services
  - Fleet management
  - Technical training
  - Apprentice training
- Networks and Equipment Support (N&S)
  - Rail, Power, Airports
  - South Africa
  - Equipment, Power support

Revenue: £1,849.1m
Operating profit: £140.1m
Margin: 7.6%
International: 29%
Civil/defence split: 64/36
Public/private split: 62/38

**Aviation**

Delivering critical aviation services

- Defence
  - UK and French fixed and rotary wing training
  - Aircraft support and availability
  - Airbase support
  - Emergency Services
  - Air ambulances
  - Firefighting
  - Search and rescue
  - Maintenance, repair and overhaul
  - Oil and Gas
  - Crew change services

Revenue: £1,022.1m
Operating profit: £144.3m
Margin: 14.1%
International: 60%
Civil/defence split: 80/20
Public/private split: 88/12

**Cavendish Nuclear**

Delivering complex nuclear engineering and decommissioning

- Decommissioning JVs
  - Dounreay
  - Magnox
- Projects
  - Nuclear services
    - Sellafield
    - EDF
    - AWE
  - New build
    - Hinkley
    - Wyfla

Revenue: £702.7m
Operating profit: £68.8m
Margin: 9.8%
International: 1%
Civil/defence split: 97/3
Public/private split: 91/9
Half year 2018/19 underlying results

Organic Growth
- 1.1% Revenue
+ 2.4% Operating profit
10.9% margin

Visibility
£32bn Order book + pipeline
92% FY19 revenue in place
Stable win rates

Cash
Cash conversion 120% pre capex
82% post capex
£140m HY free cash flow
1.6 x Net debt / EBITDA

Returns
+ 3.1% EPS
+ 3.6% DPS

Long-term positions in key markets

Average contract length
>10 yrs
Defence
- Through-life critical platform support
- Technical training provision
- Technology and equipment support
- High visibility of complex programmes

Average contract length
>8 yrs
Emergency Services
- High criticality, non-cyclical
- Growth linked to GDP
- Large-scale fleet management
- Technical training and infrastructure

Average contract length
>8 yrs
Nuclear
- Complex long-term and major projects
- Ongoing decommissioning across UK
- Operations and fuel route management
- Technical training and safety consultancy

Order book c.£18bn

Bid pipeline c.£14bn

Capital allocation priorities

1. Invest in the business
2. De-gear balance sheet
3. Return capital to shareholders

Order book and pipeline

Contact us: BabcockIR@babcockinternational.com or +44 (0) 20 7355 5300