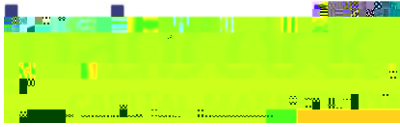




Financial summary

David Mellors,
Chief Financial Officer





What we have delivered so far

Revenue*

+ 19%

to £4.0bn

Operating profit*

+ 30%

to £265m

Margin*

+ 60bp

to 6.6%

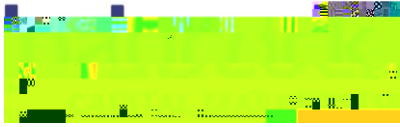
Backlog**

+ £3.2bn

to £9.6bn

Net debt+

g70 reW*8xv9W*8xv0745 rg0.0784 0.0745 0.0745 RGO 0.66r 0745 0.0745 RGO 0



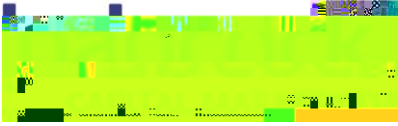
Net debt reduced by c.£1.1bn

Gearing reduced from 2.8x (HY22) to 1.1x (HY24)

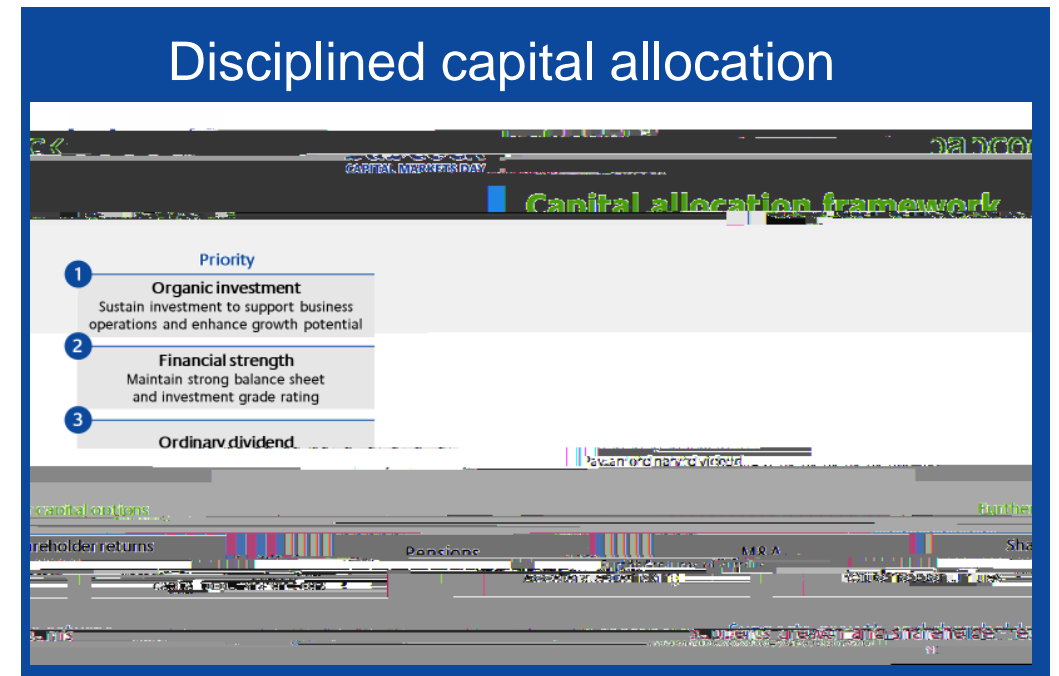
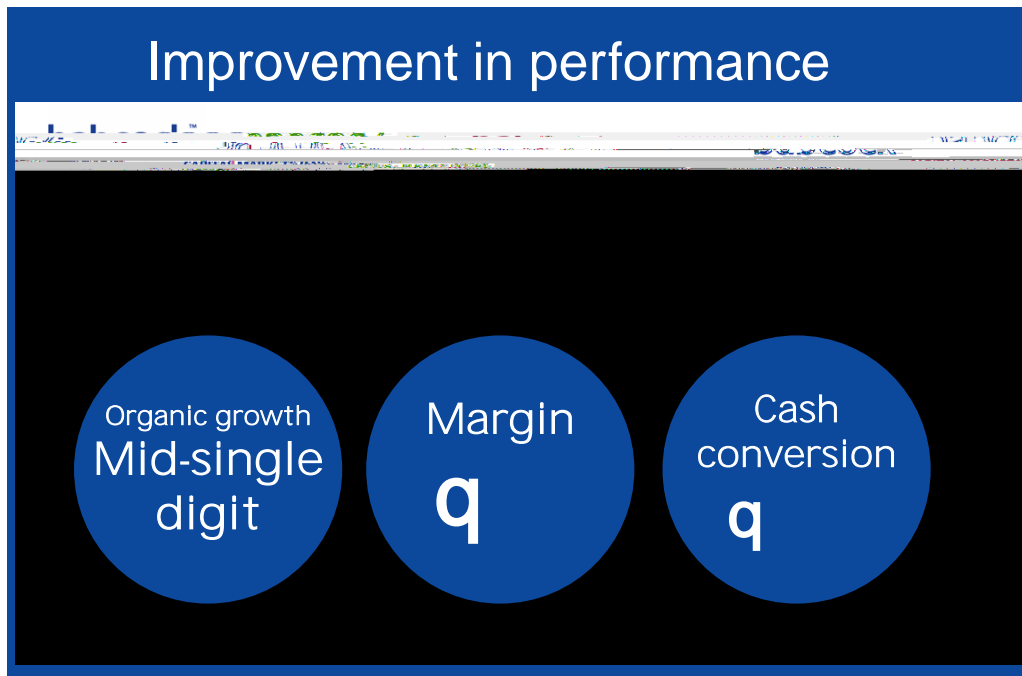
Target range of 1.0x to 2.0x EBITDA

S&P credit rating upgraded to BBB+ (Dec 2023)

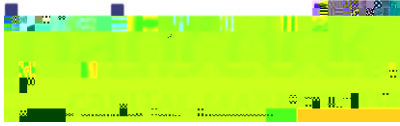
Ample liquidity, in excess of £1bn



Creating shareholder value



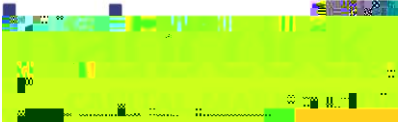
Shareholder value generation



Capturing good quality growth

Organic growth
Mid-single
digit

The screenshot shows a presentation slide for Babcock International. At the top, the Babcock logo is visible. The main title is "Our growth strategy". Below this, there are two main columns: "International" and "UK". Under "International", there are sub-sections for "Expansion in", "Direct programmes", "focus countries", "Strategic assets", "Optimising partnerships", and "Selective new positions". Under "UK", there are sub-sections for "Long-term UK presence", "Army Collective Training", "Canadian future", "Advanced capabilities", and "Local high capability". The slide is visually cluttered with various colored bars and text elements.



Creating shareholder value

Improvement in performance

- Organic growth
Mid-single digit
- Margin
q
- Cash conversion
q



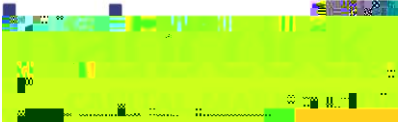
Disciplined capital allocation

Capital allocation framework

- 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**

Further

Shareholder value generation



Medium term guidance On high cash conversion

How we achieve it

Improved bidding

Programme execution

Working capital focus

Short term: good cash conversion but with:

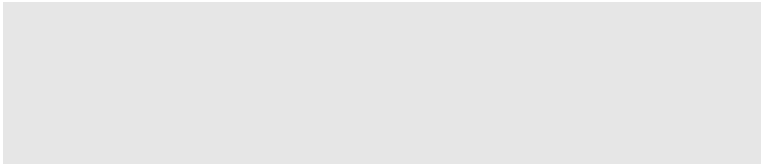
Working capital over performance in
FY22 and FY23

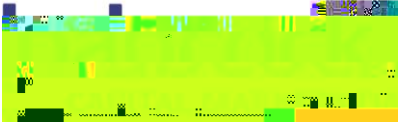
Legacy onerous contracts

Medium term: expect higher cash
conversion (80% - 100%)

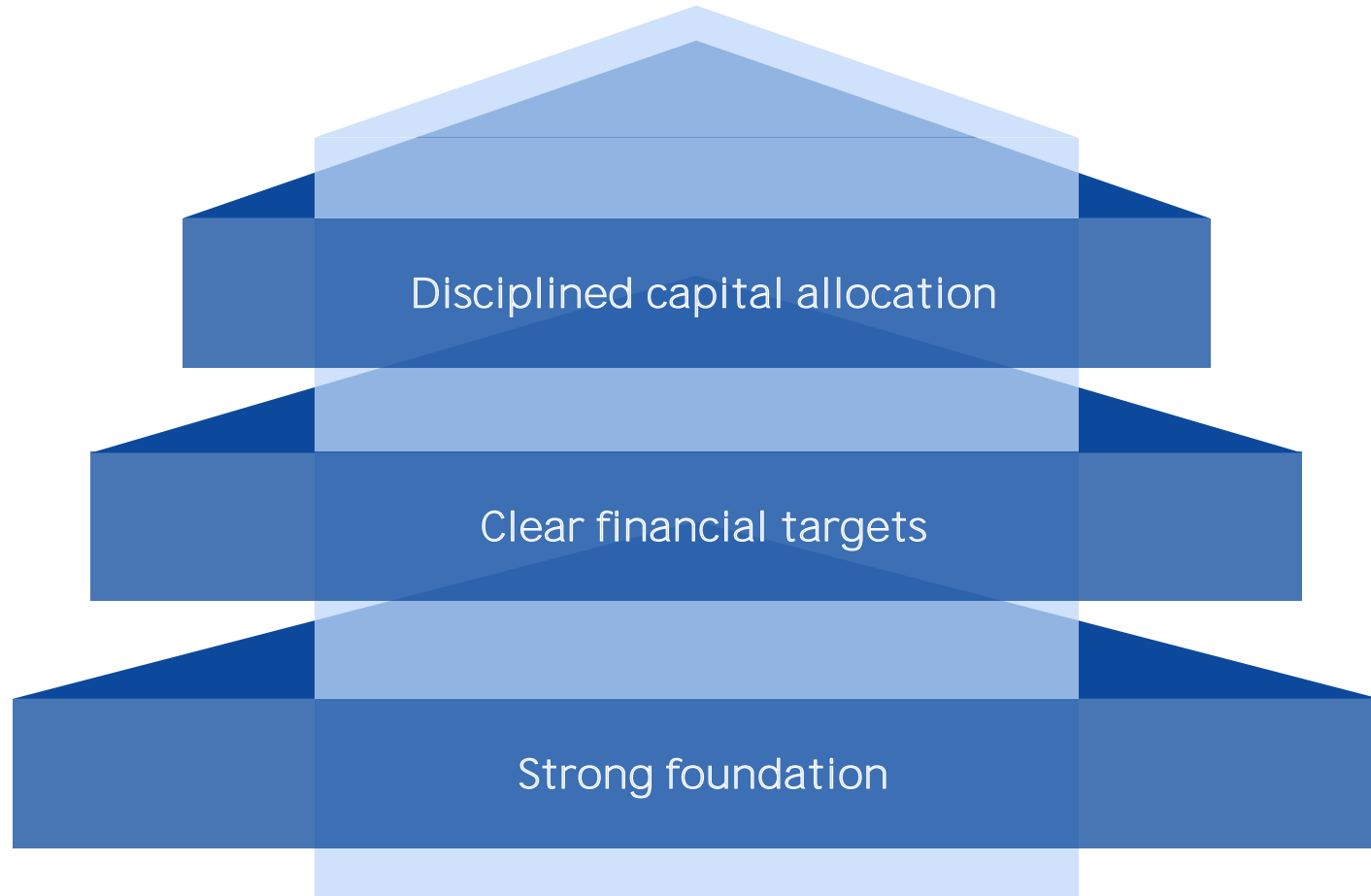
Medium term guidance

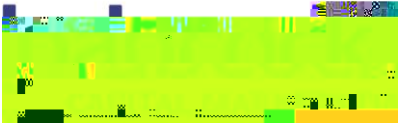






Summary: confidence in driving value





Key messages

Strongly positioned

- ~70% defence revenue*
- Critical supplier to governments
- Complex programme delivery
- Customer intimacy
- Deep platform knowledge
- Engineering know-how
- Product development capability

Sustainable growth

- £9.6bn contract backlog*
- Supportive markets: military capability vs fiscal constraints
- Differentiated proposition delivering availability, affordability and capability
- Partnerships and collaboration

Improving margins and cash flow

- Contract terms and discipline
- Enhanced operational, programme and technical risk management
- Operational improvement
- Unwind of legacy contracts

*HY24