



trusted to deliver™

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Babcock International Group PLC

BAB.L FTSE100



Nov 2016

Trusted to deliver

Babcock is the UK's leading engineering support services organisation. Operating internationally, we deliver complex, critical and bespoke engineering support to public sector and blue chip customers in the defence, civil nuclear, marine, emergency services, energy, and training sectors.

Our strategy



An established strategy that works:

- An Engineering support services company
- Long-term contracts in non-cyclical markets:
 - Defence
 - Critical civil markets, eg emergency services
 - Civil nuclear
- Focused on our areas of expertise: complex, critical, technical
- Long-term partnerships with customers
- Only taking those risks we understand and can manage
- Clear governance of contracts from bid to completion
- Continued demand for the services we provide

Our capabilities: complex programmes

Complex infrastructure

We manage complex infrastructure and programmes, eg major civil and defence sites, naval bases, large-scale nuclear decommissioning

Critical equipment and assets

Support and operate critical equipment and assets, eg submarines and ships, air fleets, commercial marine, defence and civil vehicle fleets, airports

Technical training

We design and deliver technical training, eg tri-forces, advanced civil and defence flight, critical emergency services, nuclear engineers

What sets us apart

High barriers to entry

unique infrastructure, embedded in long-term partnerships, uniquely skilled technical expertise, platform agnostic, aligned with our customers requirements

Strong revenue visibility

93% of FY17 revenues in place, largely long-term contracts, often sharing risk and reward, order book and pipeline give short - medium term growth opportunities in core markets

Track record of delivery

Are in the top three of each of our markets, strong portfolio of successful reference cases, >90% rebid win rate; c 40% new bid win rate, proven ability to grow existing contracts

Our core capabilities are delivered through four divisions

Group Results	FY16	Underlying revenue	Underlying operating profit	Margin
		£4,842.1m	£539.7m	11.1%

Marine and Technology

Revenue of Group

35%

UK's largest naval support business, the division delivers a wide array of through-life engineering services to defence, commercial marine and energy markets in the UK and internationally.

- Marine**
- 100% of UK and Canadian submarine refits
 - 75% of UK surface fleet refits
 - Naval bases
 - Commercial

- Technology**
- Weapons handling system
 - Equipment support
 - Engineering consultancy
 - Cyber consultancy

FY16	Employees	11,459
	Revenue	£1,696m
	Operating profit	£199m
	Return on revenue	11.7%

Order book

28%

Pipeline

37%

Defence and Security

Revenue of Group

18%

UK's leading provider of military training and equipment support. The division delivers technical training for international armed forces and provides through-life support for critical equipment and assets.

- Training**
- British Army
 - Royal Air Force
 - Royal Navy
 - International forces

- Equipment support**
- British Army
 - Royal Air force
 - International forces

- Joint Ventures**
- Airtanker
 - Military flight training

FY16	Employees	6,674
	Revenue	£843m
	Operating profit	£131m
	Return on revenue	15.6%

Order book

29%

Pipeline

15%

Support Services

Revenue of Group

31%

The UK's leading provider of nuclear engineers and support, provider of complex and critical support services to civil customers, including technical training to nuclear, automotive and education sectors.

- Nuclear through-life support**
- Generation support
 - Decommissioning
 - New build

- Training**
- Apprentice
 - Emergency services
 - Automotive

- Equipment support**
- Airports
 - Mining & construction
 - Emergency services
 - Rail & Power

FY16	Employees	11,326
	Revenue	£1,513m
	Operating profit	£108m
	Return on revenue	7.1%

Order book

33%

Pipeline

36%

International

Revenue of Group

16%

The world's leading provider of aviation emergency services, and leading supplier of engineering support services in Southern Africa

- MCS**
- 75% emergency services (air ambulances, firefighting, search and rescue, etc)
 - 25% oil and gas support

- Southern Africa**
- Power generation support
 - Equipment for mining and construction

FY16	Employees	5,255
	Revenue	£790m
	Operating profit	£108m
	Return on revenue	13.6%

Order book

10%

Pipeline

12%



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Babcock Performance

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Strategy in action: Half Year 2016/17

Delivered organic growth through strong underlying performance

+6%
Revenue growth

+7%
Operating profit

10.8%
Operating margin

Financial discipline and cash flow

Cash conversion
Pre capex 108%
Post capex 79%

+8%
Free cash flow

1.4 x
Net capex to depreciation

Clear visibility

£20bn
Order book

£10.8bn
Pipeline

Stable win rates
> 40% new bids
> 90% rebids

Shareholder value

+ 8%
EPS

+ 7%
DPS

2.0 x
Net debt to EBITDA

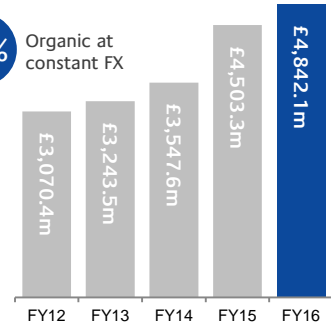
“ Babcock continues to perform; delivering growth in revenue, profit and earnings, and maintaining healthy levels of cash generation and conversion. The long-term visibility provided by our £20 billion order book and substantial pipeline of opportunities underpins our future growth. Our UK markets remain positive, with the Group well positioned for the significant future outsourcing opportunities expected from both our defence and civil customers, and we see growing international demand for our specialist and complex engineering support services. ”

Archie Bethel
Chief Executive

Babcock International Group Half Year Results 30 September 2016

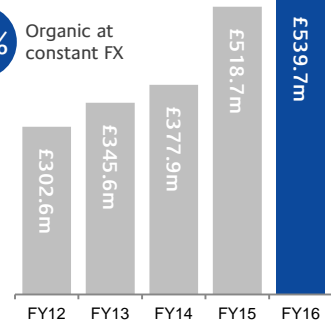
Underlying revenue

+8%
Organic at constant FX



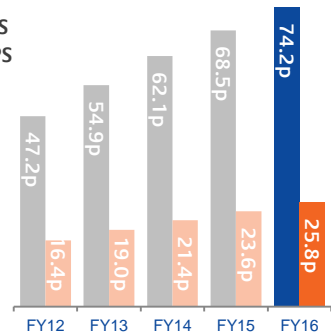
Underlying operating profit

+6%
Organic at constant FX

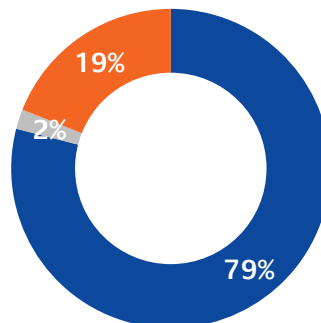
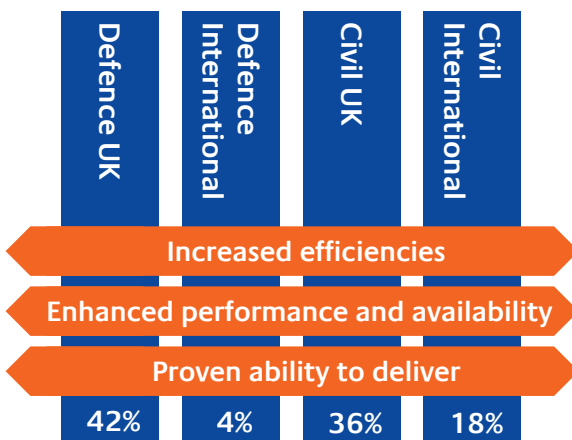


Shareholder return+

■ EPS
■ DPS



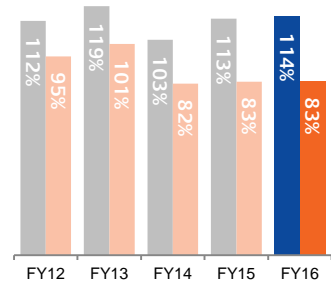
Customers by category



■ Public
■ Regulated
■ Private

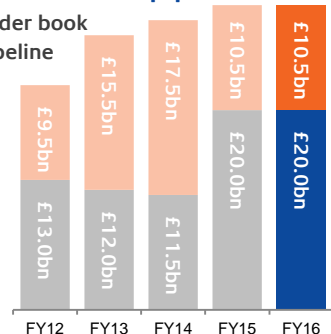
Cash Conversion

■ Pre-capex
■ Post-capex



Order book and pipeline

■ Order book
■ Pipeline



Performance Metrics

	FY16	FY15	FY14	FY13	FY12
Revenue growth (%)	8	27	9	6	14
Organic revenue growth* (%)	8	12	11	7	6
Organic profit growth* (%)	6	11	11	15	15
Net debt/EBITDA (X)	2.0	2.2	1.3	1.3	1.8
Operating return on revenue (%)	11.1	11.5	10.7	10.7	9.9
Total injuries rate (per 100k hrs worked)	1.92	2.23	2.51	2.64	2.65

* Organic at constant FX
+ FY 14 and FY 13 DPS and EPS data restated to reflect impact of 2014 Rights Issue.

Contacts us

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