

25 September 2025

Babcock International Group PLC

AGM trading update

Continued positive momentum, full year expectations unchanged

Babcock International Group ("Babcock" or "the Group") provides a trading update for the first five months of the financial year ahead of its Annual General Meeting to be held at 11.00 am today.

Trading update to 31 August 2025

Trading in the first five months to 31 August 2025 has been encouraging, with the Group delivering organic revenue growth and underlying operating margin progress in line with the Board's expectations.

Strong growth in Nuclear, driven by civil nuclear projects and submarine support, and Aviation, as a result of the ramp-up of the French Mentor 2 contract, and ongoing growth in Marine was partly offset by lower revenue in Land, due to lower activity in the Rail business.

Overall, expectations for the full year remain unchanged and we continue to progress towards the Group's medium-term guidance, which we upgraded in June 2025 to average revenue growth of mid-single digit, underlying operating margin of at least 9% (previously at least 8%) and average operating cash conversion of at least 80%.

Developments in the period

The macro environment remains supportive, and we continue to make good strategic progress. In the period we welcomed the UK Government's Defence Industrial Strategy, which strongly aligns with our capabilities. Babcock's business momentum has continued through the period with sustained delivery and strategic progress to support future growth.

- **Type 31 frigate programme** - in April we were awarded a c£65 million Capability Insertion Programme contract on a sole source basis. In June, a major milestone was reached with float-off of the first ship, HMS Venturer. The second ship, HMS Active, is on track to float-off before the end of FY26.
- **Submarine disposal** - in June we secured a £114 million contract to support the first defueling of a decommissioned British nuclear submarine in over 20 years. We will work with the UK Defence Nuclear Enterprise and industry partners to prepare for the defuel of four decommissioned submarines at our Devonport facility from 2026.
- **AUKUS** - our joint venture with HII in Australia secured its first contract to enhance Australia's supply chain capabilities in preparation for delivery of the first three nuclear-powered submarines under the trilateral partnership.
- **Australia** - in September we signed a new AU 250 million, 8-year follow-on contract with the Australian Border Force (ABF) to enhance maritime security operations in the Torres Strait. The contract includes the delivery of two mission modified Airbus H145 helicopters to the ABF, plus air crews and ongoing maintenance over eight years.
- **New AI intelligence product** - in September we launched our first fully AI-powered communications intelligence product NomadTM which provides front-line military and security services with valuable intelligence in real-time.
- **Significant industry partnerships** - we announced collaborations with leading global industry players, including: a Memorandum of Understanding (MoU) with BAE Systems Bofors to offer support for the Type 31's multi-purpose Bofors guns; as UK build partner to Finnish armoured vehicle company Patria following the UK MOD's arrangement to join the multinational Common Armoured Vehicle System programme; as Hanwha Ocean's exclusive in-service support partner for the new Canadian Patrol Submarine Project; as HII's partner to deliver autonomous launch and recovery of Unmanned Underwater Vehicles via submarine torpedo tubes and; an MoU with radio communications equipment manufacturer KNL to offer next generation high frequency communications support to armed forces across the land, sea and air domains.
- **Share buybacks** - we have completed around 25% of the £200 million share buyback programme announced at our preliminary results on 25 June 2025. We expect the programme to conclude by the end of FY26.
- **Refinancing of the Revolving Credit Facility (RCF)** - in July, we successfully entered into a new RCF with ten banks which replaces the previous financing facility of £775 million. The new committed debt facility, which is valid for five years with 2 one-year extension options, will provide the Group with access to borrowings of up to an aggregate amount of £600 million, with an accordion option to increase this facility by up to £200 million at lenders discretion.

Additionally, during the period we held the first two of a series of investor events. These demonstrated potential for both our Marine Design and Build business and our Cavendish Nuclear business to double revenues by 2030. Links to the materials and event replays can be found on our website at www.babcockinternational.com/investors

HY26 half year results

The Group's HY26 half year results will be published on 20 November 2025.

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