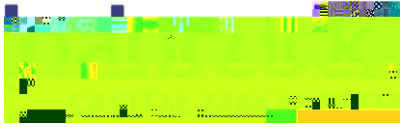




Financial summary

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%

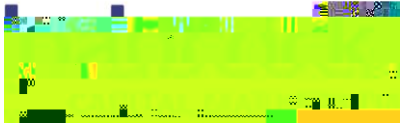
Backlog**

+ £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



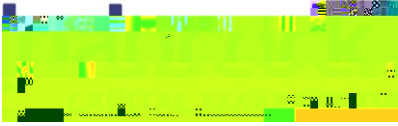
Net debt reduced by c.£1.1bn

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

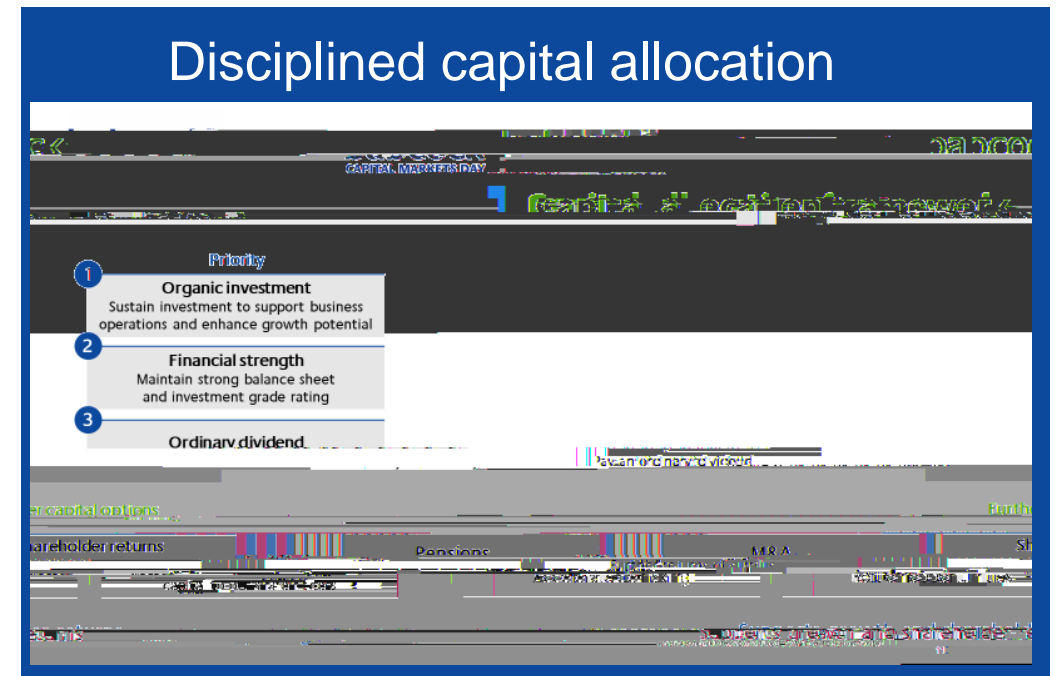
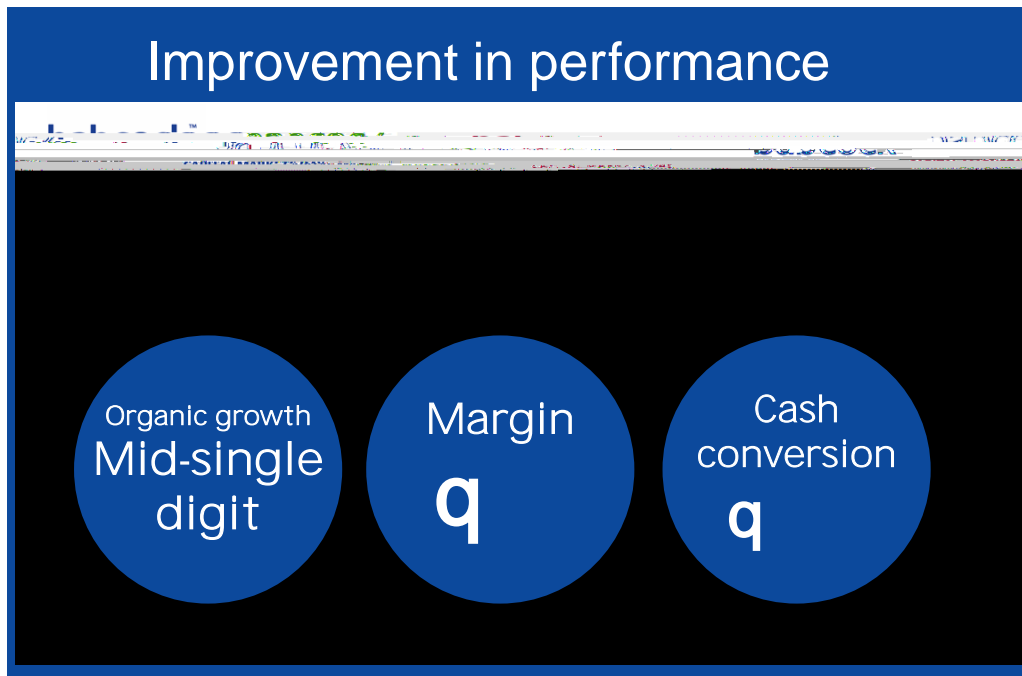
Target range of 1.0x to 2.0x EBITDA

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

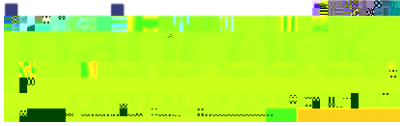
Ample liquidity, in excess of £1bn



Creating shareholder value

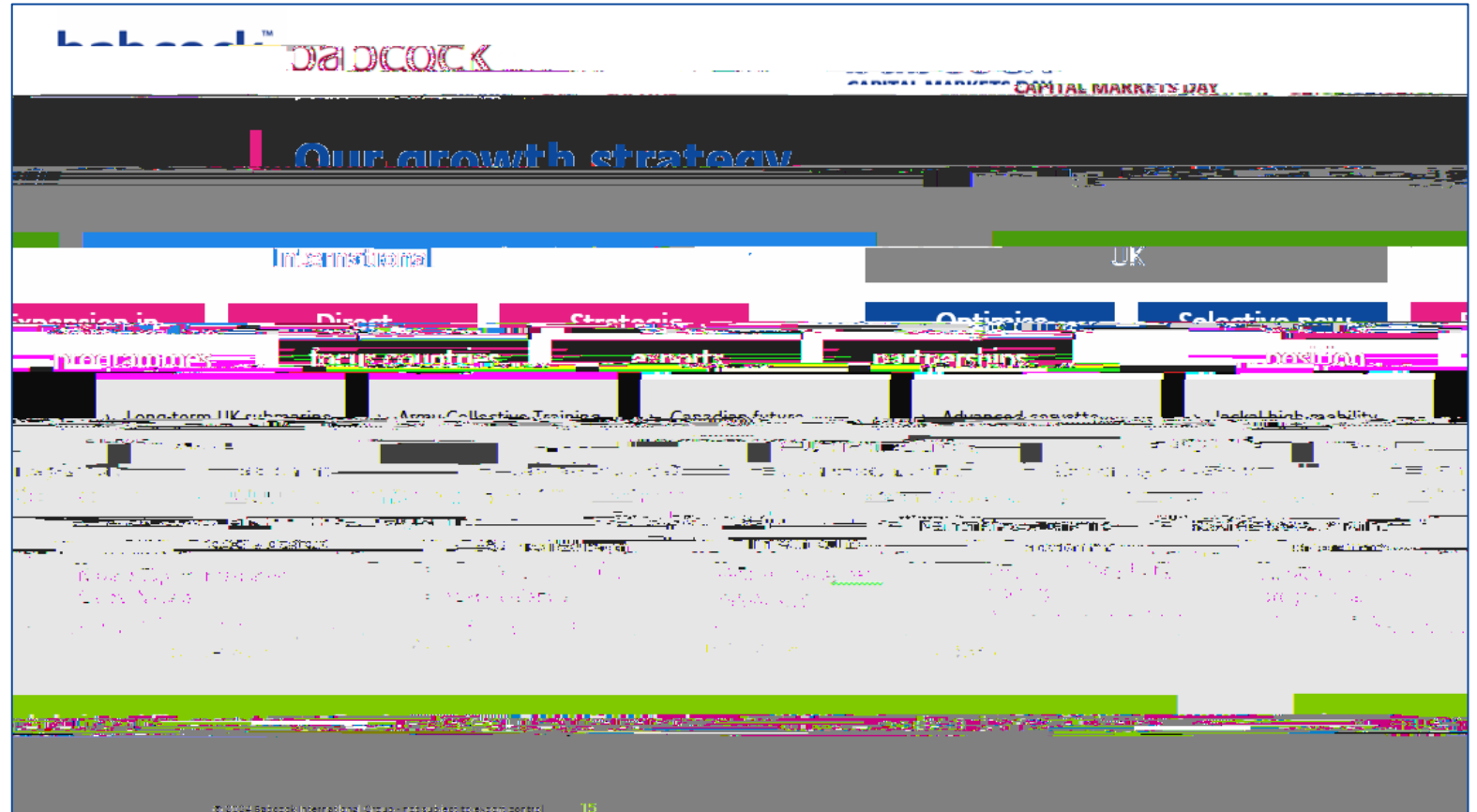


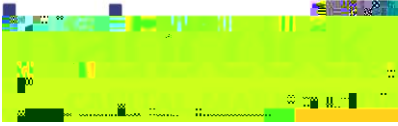
Shareholder value generation



Capturing good quality growth

Organic growth
 Mid-single
 digit





Creating shareholder value

Improvement in performance

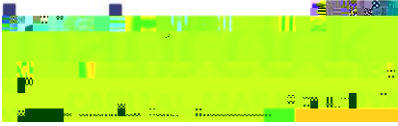
- Organic growth
Mid-single digit
- Margin
q
- Cash conversion
q



Disciplined capital allocation

- 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**

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:

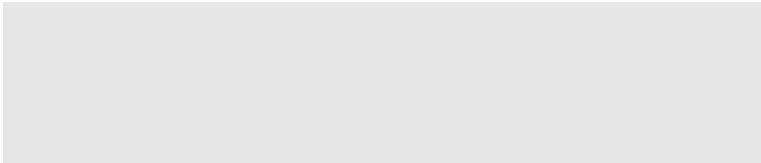
Working capital over performance in
FY22 and FY23

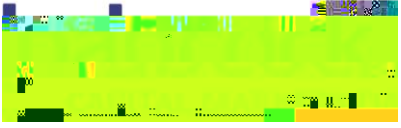
Legacy onerous contracts

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

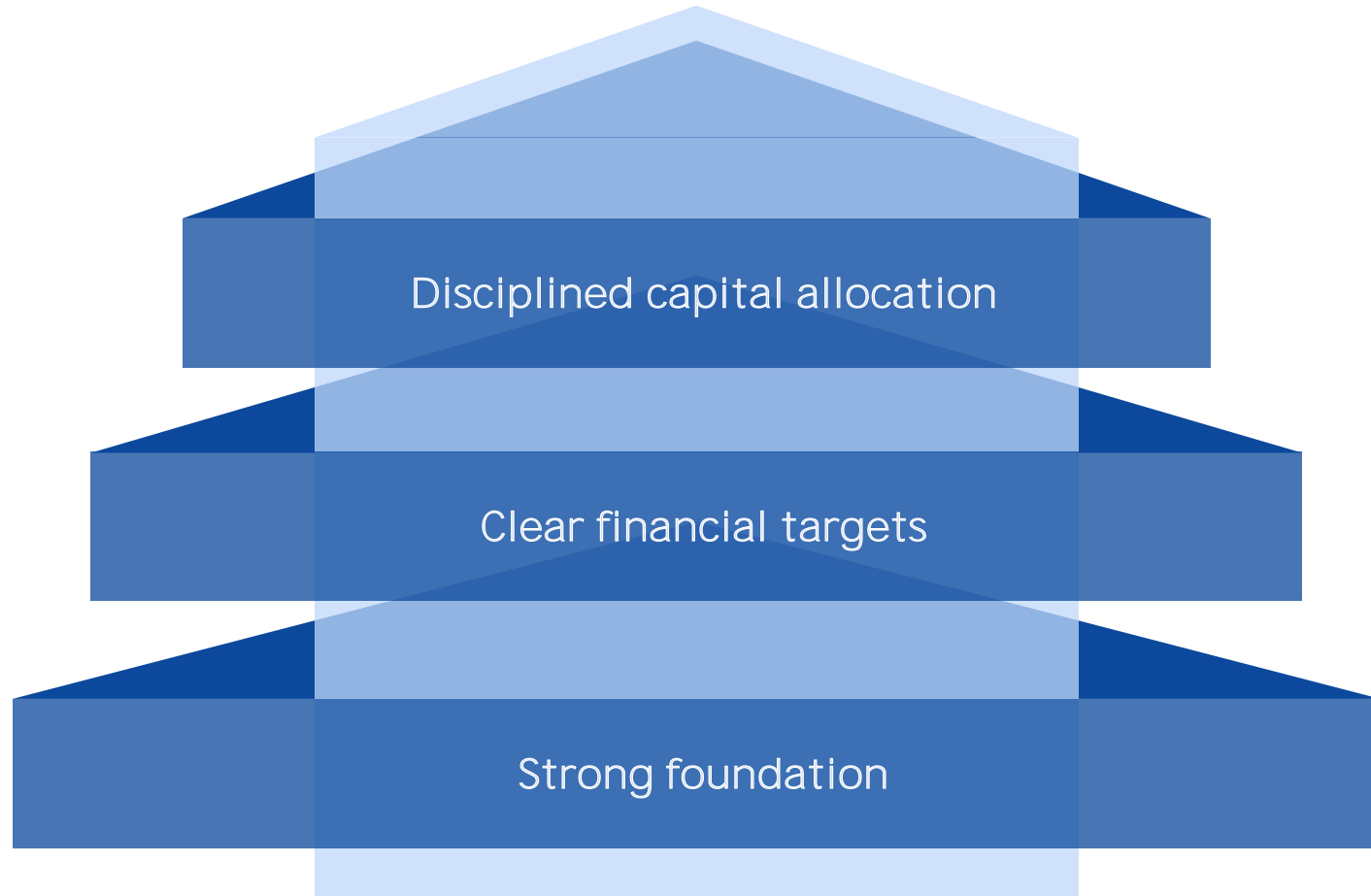
Medium term guidance

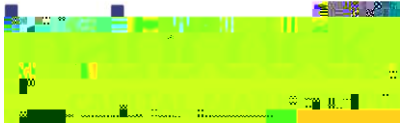






Summary: confidence in driving value





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