


Strong embedded position underpins sustainable growth

Strongly positioned

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Differentiated proposition

- Focused portfolio in growth markets: 74% defence
- Critical supplier to governments
- Own critical assets
- Highly differentiated proposition combining:
 - Engineering know-how
 - Product development capability
 - Customer intimacy
 - Operational asset knowledge
- Strong focus on ESG

Complex programme delivery:

- High barriers to entry
- End-to-end through-life support
- Proven track record
- Strong visibility
- Capability transfer

Sustainable growth

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Supportive market dynamics

- Defence budget growth in core markets
- Customers' need for military capability:
 - Equipment modernisation
 - Increased value for money
 - Demand for asset availability
- Energy transition driving nuclear

Clear growth strategy

- Underpinned by £10.3 billion contract backlog and incumbent positions
- Growing opportunity set across all sectors, addressed by:
 - Leveraging our technical capabilities to create incremental and adjacent opportunities
 - Developing our people and capabilities
 - New strategic partnerships and collaborations

Improving margins and cash flow

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Margin improvement

- Improved contract terms and discipline
- Focus on operational improvement
- Improved programme delivery
- Growth of quality business
- Unwind of legacy contracts

Cash flow improvement and balance sheet

- Programme execution
- Enhanced controls
- Improved bidding governance
- Focus on cash efficiency
- Strong balance sheet: investment-grade credit rating
- Clear capital allocation framework to maximise value for our stakeholders

Creating shareholder value

Strong focus on our medium-term targets

Average annual organic
revenue growth

Mid-single digit

Underlying operating
margin

≥8%

Underlying operating
cash conversion

≥80%

Underpinned by our capital allocation framework

Priority

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

Pay an ordinary dividend

Further capital options

Pensions

Accelerate de-risking

M&A

Bolt-on opportunities

Shareholder returns

Further returns of surplus capital
to our shareholders

**Strong embedded
position and
sustainable growth**

+

**Clear financial
targets**

+

**Disciplined capital
allocation**

=

**Confidence
in driving value**