

Investor Webex

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2014 Trading Update

Civil Aerospace

	Previous view	Latest view	Change	Comments
Revenue	2-5% increase	2-5% increase	↔	<ul style="list-style-type: none">Movement lower within guided range
Profit	8-12% increase	15-20% increase	↑	<ul style="list-style-type: none">Life cycle cost improvements

All figures at 2013 constant FX



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2014 Trading Update

Defence Aerospace

	Previous view	Latest view	Change	Comments
Revenue	15-20% reduction	15-20% reduction	↔	<ul style="list-style-type: none">Movement lower within guided range
Profit	15-20% reduction	12-15% reduction	↑	<ul style="list-style-type: none">Better mix of revenue

All figures at 2013 constant FX



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2014 Trading Update

Marine

	Previous view	Latest view	Change	Comments
Revenue	Around 10% reduction	Around 10% reduction	↔	<ul style="list-style-type: none">No change
Profit*	15-25% reduction	15-25% reduction	↔	<ul style="list-style-type: none">No change

*excluding 2014 one-off charge of £(30)m

All figures at 2013 constant FX



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2014 Trading Update

Power Systems

	Previous view	Latest view	Change	Comments
Revenue	+/- 2%	+/- 2%	↔	<ul style="list-style-type: none">• Movement lower within guided range• OE impacted by Russian sanctions• Deferral of some medium speed land power diesels
Profit	5-10% increase	5-10% reduction	↓	<ul style="list-style-type: none">• Loss of some higher margin revenue• Warranty costs

All figures at 2013 constant FX



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2014 Trading Update

Nuclear & Energy

	Previous view	Latest view	Change	Comments
Revenue	5-10% increase	0-5% increase	↓	<ul style="list-style-type: none">• Weaker market conditions in both Oil & Gas and Power Gen• Customer deferrals ahead of the Energy sale to Siemens
Profit	30-40% increase	0-10% increase	↓	<ul style="list-style-type: none">• Significant aftermarket deferral driving disproportionate profit reduction

All figures at 2013 constant FX



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2014 Trading Update

Group

	Previous view	Latest view	Change	Comments
Revenue*	Flat	-3.5% to -4%	↓	<ul style="list-style-type: none"> All businesses lower
Profit	Flat	Flat	↔	<ul style="list-style-type: none"> Higher profits in Civil and Defence Lower profits in Nuclear & Energy and Power Systems
Cash Flow	c. £780m	c. £350m	↓	<ul style="list-style-type: none"> Lower revenue (c. £200m) Lower deposits (c. £100m) Higher inventory (c. £100m)

*excluding 2014 one-off charge of £(30)m

All figures at 2013 constant FX



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2014 Group Guidance (excluding Energy)

	2013 Adjusted	Latest view
Revenue	£14,634m	-3.0% to -3.5%
Profit*	£1,687m	+ 1%
Cash Flow	£778m	Around £350m

*excluding 2014 one-off charge of £(30)m

All figures at 2013 constant FX



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2015 Guidance Update

Group

	Previous view	Latest view	Change	Comments
Revenue*	A return to growth	+/- 3%	↓	<ul style="list-style-type: none"> • End markets softening, reducing visibility • Civil – some risk on Trent 700 sales
Profit	A return to growth	0/-3%	↓	<ul style="list-style-type: none"> • Lower revenue • Adverse mix

*excluding 2014 one-off charge of £(30)m

All figures at 2013 constant FX



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Medium Term Outlook

Civil

- Return on Sales of 14.5% to 15.5%
- TCA peak debtor between £2.7bn and £3.0bn
- Contractual Aftermarket Rights (CARs, formerly RECs) peak around £500m to £700m

Group

- Return on Sales of 13.5% to 14.5%
- Cash conversion around 80%



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