

# Chemring Group PLC 2026 Interim results



## Growing positions in key markets



**Presented on 2<sup>nd</sup> June 2026 by:**

Michael Ord – Group Chief Executive

James Mortensen – Chief Financial Officer

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Michael Ord

Group Chief Executive

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# Agenda

H1 2026 headlines

Michael Ord

Financial and operational review

James Mortensen

Market update and key growth areas

Michael Ord

Wrap up and Q&A



# H1 2026 headlines

H1 performance in line with expectations

Full year guidance unchanged, underpinned by 91% revenue cover

Countermeasures & Energetics delivering growth

Energetics capacity expansion projects continue at pace

Investing in capacity and capability to deliver future growth



# H1 2026 KPIs

## Growth

Order book

**+8%**

**£1.4bn**

(H1 2025: £1.3bn)

Revenue

**+7%**

**£237m**

(H1 2025: £223m)

## Earnings

Operating margin

**10.3%**

(H1 2025: 11.9%)

Earnings per share

**6.1p**

(H1 2025: 6.6p)

## Cash generation

Cash conversion

**42%**

(H1 2025: 83%)

Net debt: EBITDA

**1.47x**

(H1 2025: 0.98x)

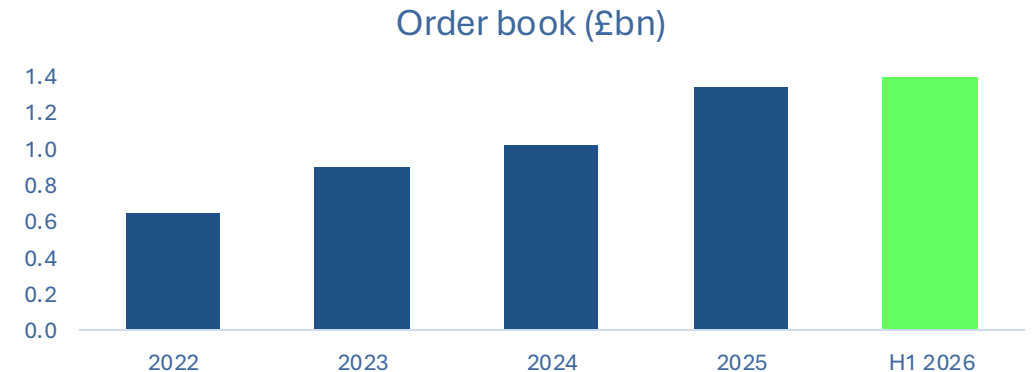
## Safety and ESG

Recordable injury rate

**0.31**

(H1 2025: 0.63)

**On track to deliver  
ESG targets**





# James Mortensen

Chief Financial Officer

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# Financial highlights

	H1 2026		H1 2025	2025
Order book	<b>£1,399m</b>	<b>+8%</b>	£1,296m	£1,345m
Revenue	<b>£237.3m</b>	<b>+7%</b>	£222.8m	£497.5m
Operating profit	<b>£24.5m</b>	<b>(8)%</b>	£26.5m	£73.5m
Operating margin	<b>10.3%</b>	<b>(160) bps</b>	11.9%	14.8%
Diluted EPS	<b>6.1p</b>	<b>(8)%</b>	6.6p	19.4p
Cash conversion	<b>42%</b>	<b>(4100) bps</b>	83%	114%
Dividend	<b>2.8p</b>	<b>+4%</b>	2.7p	8.0p

## Summary:

- » Record order book of £1.4bn, up 8%
- » C&E delivered strong revenue growth and margin expansion
- » S&I margin impacted by mix and maintaining operational capability
- » Cash conversion reflects working capital investment to support scheduled H2 deliveries

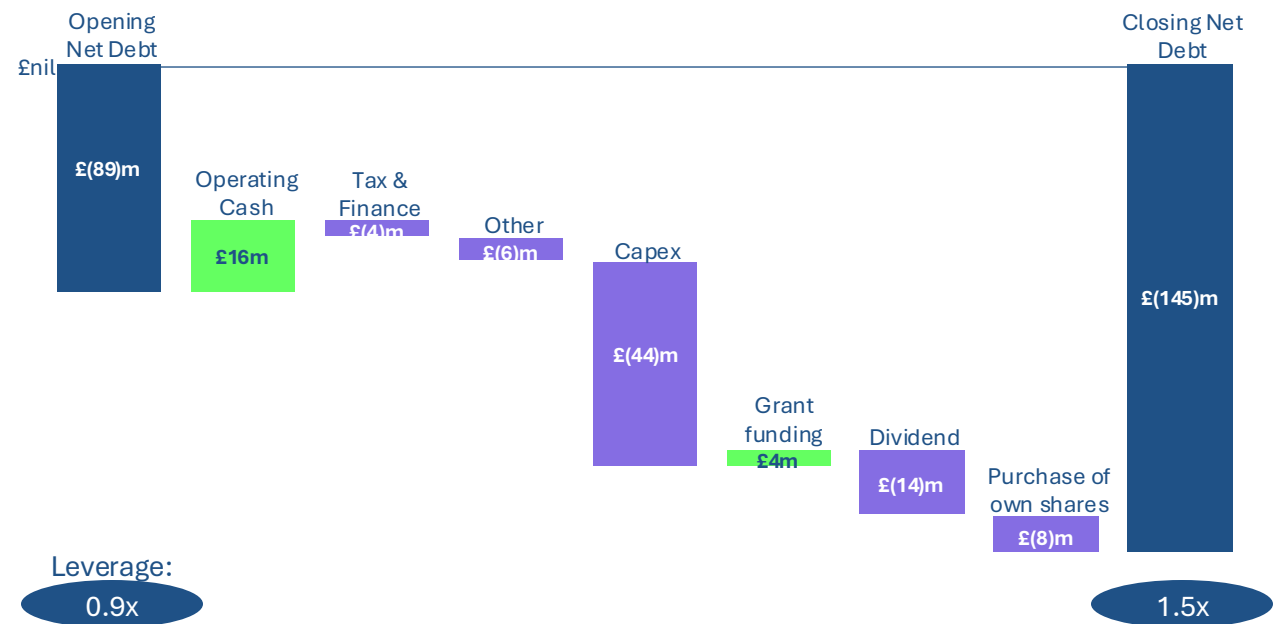
H1 2025 comparative information has been re-presented to reclassify an operation which has been discontinued in the year.

# Group and segmental performance

	Revenue (£m)	Revenue growth	Operating profit (£m)	Operating profit growth	Operating profit margin
Countermeasures & Energetics	142.1	+9%	26.1	+32%	18.4%
Sensors & Information	95.2	+3%	9.6	(40)%	10.1%
<b>Group</b>	<b>237.3</b>	<b>+7%</b>	<b>24.5</b>	<b>(8)%</b>	<b>10.3%</b>

- » Countermeasures & Energetics – strong growth in Energetics as the businesses ramp in line with plan; with improving commercial terms and the benefits of operational excellence improving margins
- » Sensors & Information – returned to revenue growth; margin impacted by revenue mix and maintaining operational capability in anticipation of the sizeable pipeline of future opportunities
- » On a constant currency basis, Group revenue would have increased by 7% and operating profit would have decreased 12%

# Group net debt bridge



- » Cash conversion of 42%, as we increased safety stocks and secured inventory for H2 revenues
- » Planned £44m capex and intangible spend; good progress on Energetics expansion projects
- » Net debt increased, as expected, through the peak investment phase
- » £80m additional UKEF facility signed in the period
- » 1.5x leverage

# Energetics expansion projects continue at pace



## Chicago

- Capex in line with budget
- Fit out complete
- Continuous flow production ramping
- Delivering ahead of schedule



## Scotland

- Capex in line with budget
- Construction complete, production equipment installed
- Commissioning underway
- On track to deliver revenue in 2027



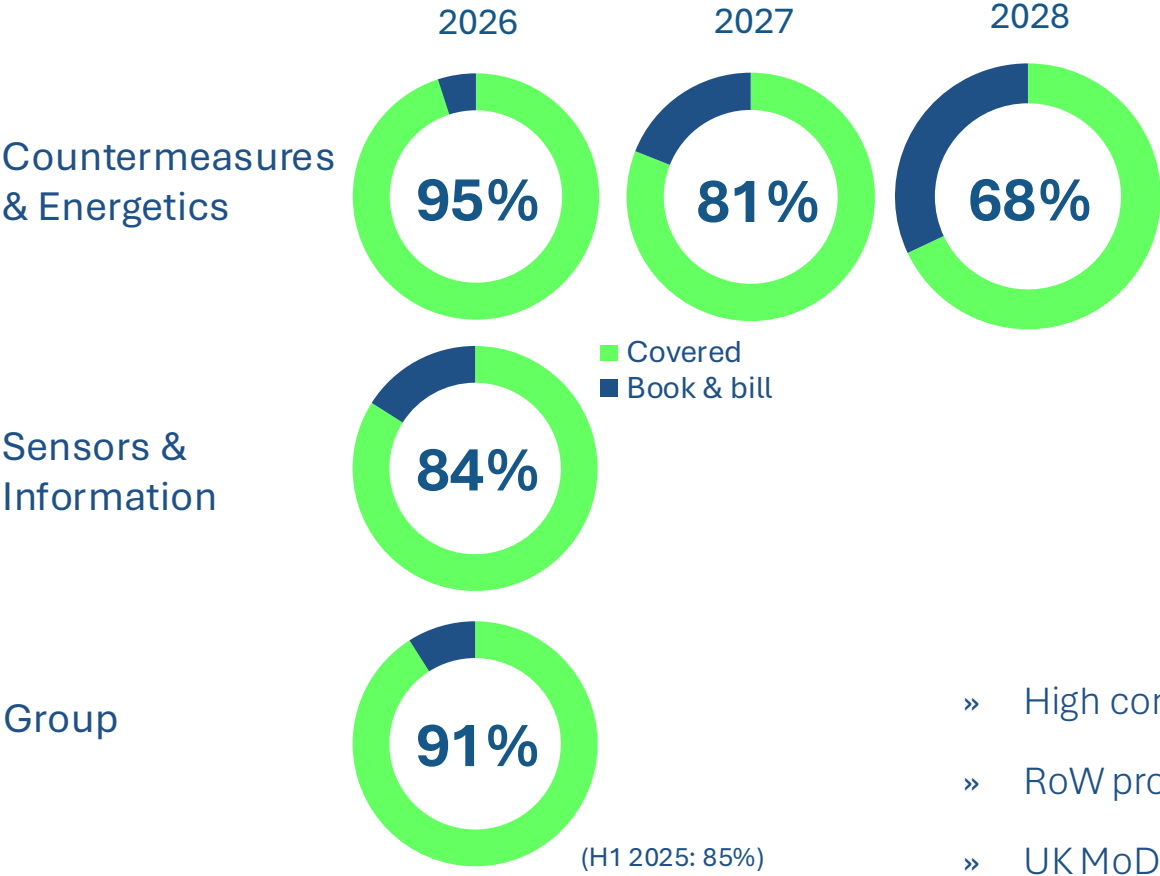
## Norway

- Phase 1 – capex in line with budget, delivering in line with plan
- Phase 2 – making good progress, groundworks nearly complete, foundations laid for new buildings
- Next phase of Norway Greenfield underway, £16m funding from Norway

Projects remain on track to deliver £100m revenue and £30m operating profit by 2028

# Group order cover for 2026 is now 91%

## Order coverage



## Book & bill bridge to the full year



- » High confidence in C&E and National Security
- » RoW product sales in advanced stage, but not yet on contract
- » UK MoD - procurement delays have pushed timing

# Guidance and financial outlook

## 2026 guidance unchanged

- » 91% order cover, improving performance in Q2, 70% H2 weighting to operating profit
- » Countermeasures & Energetics targeting low double-digit growth in revenue, H2 weighting
- » Sensors & Information targeting mid double-digit growth in revenue, H2 weighting to revenue and operating profit
- » P&L interest charge of c.£10m
- » Gross capex of £120-140m in year, with spend now mainly focused on Norway
- » Cash conversion in the range 80-85% as we grow, returning to 90-100% in the medium term

## Potential external headwinds

- » Near-term budget timing disruption in the UK, EU and US
- » Middle East conflict could result in energy and raw material inflation and disruption to supplies
- » Foreign exchange – volatility of US\$/AU\$/NOK to GBP

Balancing near-term performance with longer-term growth and value creation



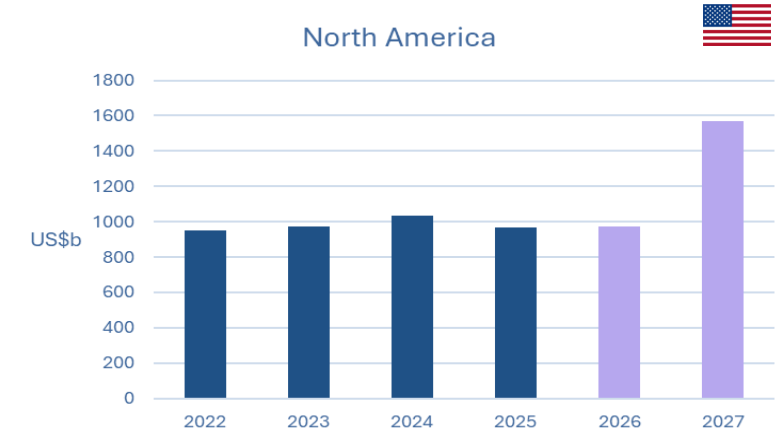
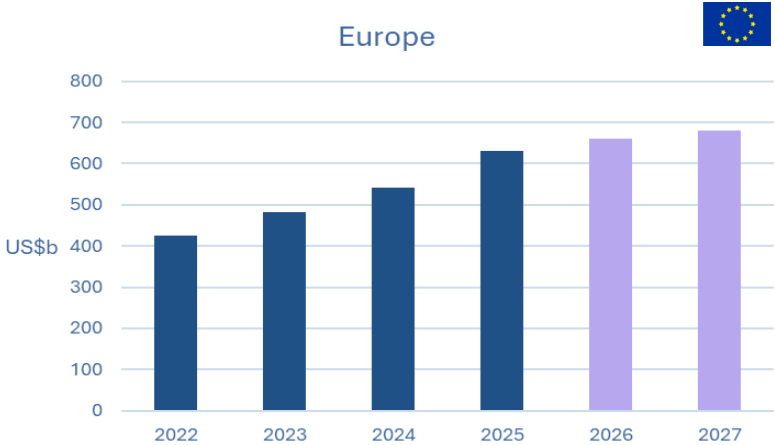
Michael Ord – Group Chief Executive



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# Rising defence and security budgets

- **Shift to high-intensity deterrence**
  - NATO planning assumptions shifting from expeditionary operations to persistent territorial defence and peer-conflict readiness
- **Rebuilding defence industrial base**
  - Governments are investing in sovereign and allied supply chains with longer term framework contracts and capacity expansion programmes
- **Areas of focus include:**
  - Long range strike and missile systems
  - Integrated air & missile defence
  - Space capabilities
  - Cyber and Electronic Warfare
  - Counter-drone capabilities
  - Air and Naval platform protection



**Chemring’s differentiated capabilities are aligned to our customers’ priorities**

# Our critical role in NATO's supply chain

Chemring is a strategically important merchant supplier across a broad range of NATO's critical missile and munitions programmes

- Operational usage, stockpile replenishment and initiation of new programmes, are widening the demand/supply gaps for missile systems, rocket artillery, and munitions
- Highly engineered and qualified products, often sole-source (>60%), creating high barriers to entry
- Supply of high-grade military explosives (HMX, RDX, IM) and energetically actuated devices are growing bottlenecks across multiple supply chains
- Capacity expansion of the defence industrial base is essential and continues to attract government investment



Expansion projects on track to deliver £100m revenue and £30m operating profit in FY28

# Enduring demand

- Epic Fury has depleted US munitions inventories
- Significant re-stocking required in readiness for future conflicts
- US DoW have announced several multi-year agreements with industry to boost production rates of missiles and munitions

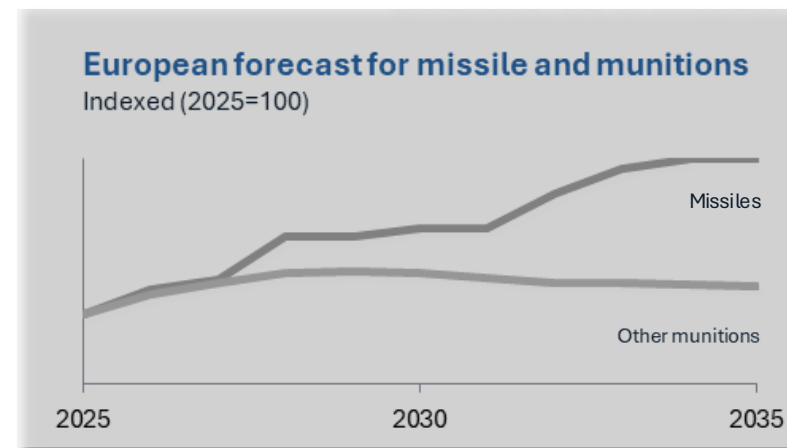


**Table 1: Status of Key Munitions**

Munition	Unit Cost (USD)	Estimated Prewar Inventory	Estimated Use in the Iran War	Delivery Timeline (Months)
Tomahawk	\$2.6M	3,100	1,000+	47
JASSM	\$2.6M	4,400	1,100+	48
PrSM	\$1.6M	90	40-70	46
SM-3	\$28.7M	410	130-250	64
SM-6	\$5.3M	1,160	190-370	53
THAAD	\$15.5M	360	190-290	53
Patriot	\$3.9M	2,330	1,060-1,430	42

Source: CSIS April 2026

- European stockpiles of missiles and munitions are insufficient for future deterrence and sustained operational use
- Significant growth in European demand can only be delivered with an expanded defence industrial base
- Increasing the productive capacity of high-grade military explosives (HMX, RDX, IM) is a strategic priority for NATO, the EU, and sovereign nations



Source: RSA & CHG analysis

Customers are increasing stockpiles and planning for higher usage rates

# Our critical role in Air and Naval Platform protection

Chemring is the leading supplier of countermeasures with >65% share of the addressable market, including 85% of NATO air fleets and 60% of NATO naval fleets

- £123m of orders received in H1, an increase of 486% on prior year, primarily to European NATO customers
- Robust demand, particularly in our UK countermeasures business
- Multiple ongoing development programmes including uncrewed platform protection and threat agnostic countermeasures to defeat current and future threats



Global leader with undiminishing customer demand

# Roke is a critical sovereign UK defence technology leader

Significant opportunities to further deploy Roke's unique technologies into customer prioritised areas of spend including Cyber, Electronic Warfare, Resilient Navigation, and Counter-Drone

- Roke is targeting growth both domestically and internationally
- National Security – supplying technologies vital to mission success
  - Continues to provide a robust underpin with circa. £40m of contract renewals received to date
  - Vigil AI two-year contract renewal with Home Office, and growing interest from commercial customers given recent UK legislative changes
- Defence – increasing domestic and international sales
  - £22.5m STORM Missile Defence Centre contract awarded in H1
  - CORTEXA GUARDIAN counter-drone system won H1 sales to Sweden and the British Army
  - Executing on a growing (>£300m) pipeline of product sales opportunities

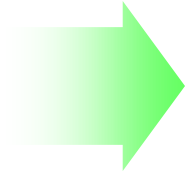


Roke well positioned for future growth

# Summary and outlook

## H1 2026 was in line with expectations

- Solid performance despite near-term S&I headwinds
- Full year guidance unchanged underpinned by 91% revenue cover



## Medium / long term outlook is robust

- Excellent market positioning with strong growth expected over the medium/long term
- £1.4bn record order book and long-term partnering agreements provide excellent visibility of future earnings
- Pipeline of organic and inorganic growth opportunities

Balancing near-term performance with longer-term growth and value creation



# Questions



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# Appendices

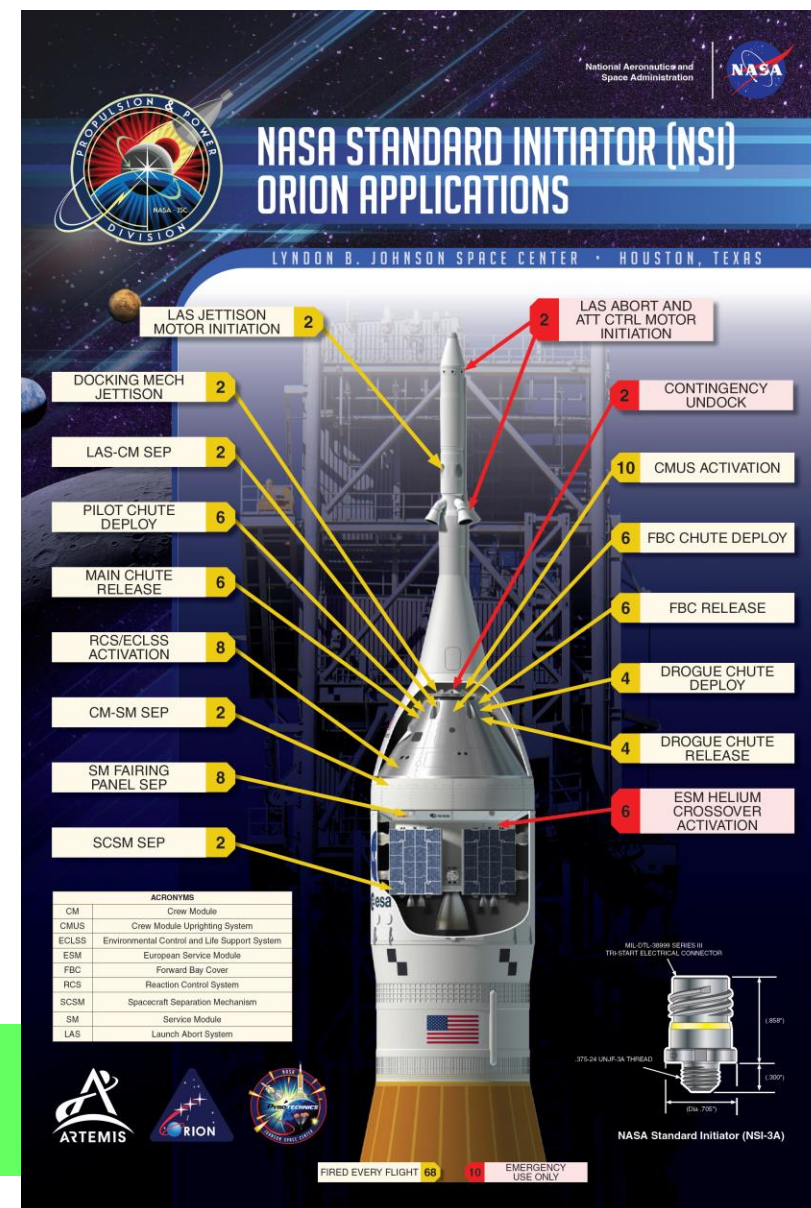


## Innovation showcase

# NASA Standard Initiator - Artemis

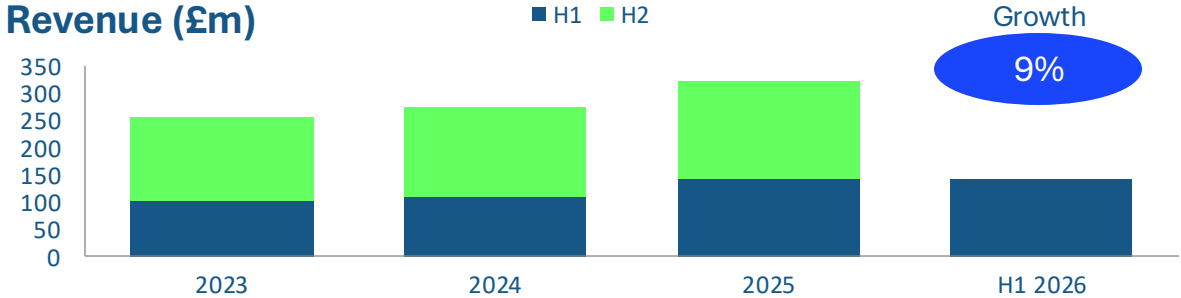
- » As the only supplier to meet the stringent technical, environmental and reliability requirements for qualification stipulated by NASA, Chemring Energetics is the sole supplier to NASA for the NASA Standard Initiator (NSI).
- » NSIs are electrically initiated pyrotechnic devices that convert a command signal into a reliable ignition event, enabling separations, releases and deployments across the spacecraft.
- » There were 80+ NSIs on the Artemis II mission, providing mission critical activation of key systems from the Launch Abort System, to stage and module separation, to the parachute deployment system.
- » Chemring is the market leader in space initiators having also been selected by United Launch Alliance as the sole provider of the ULA Standard Initiator (USI), and by Blue Origin as the sole provider of the Blue Standard Initiator (BSI).

We spend over £100m a year on R&D, c.80% customer funded

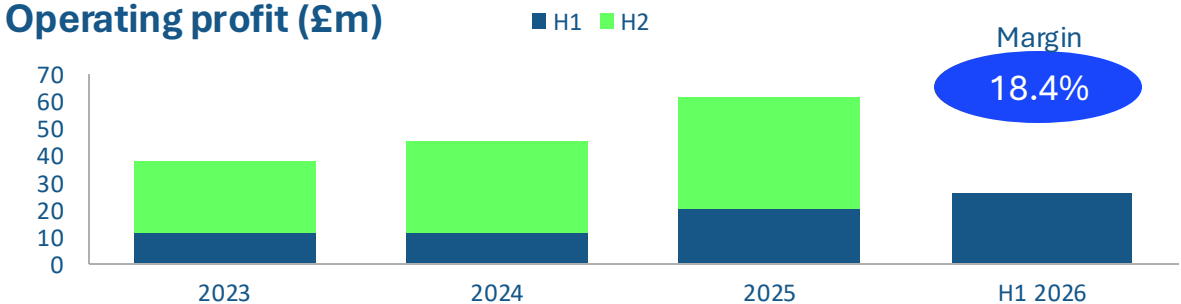


# Countermeasures & Energetics

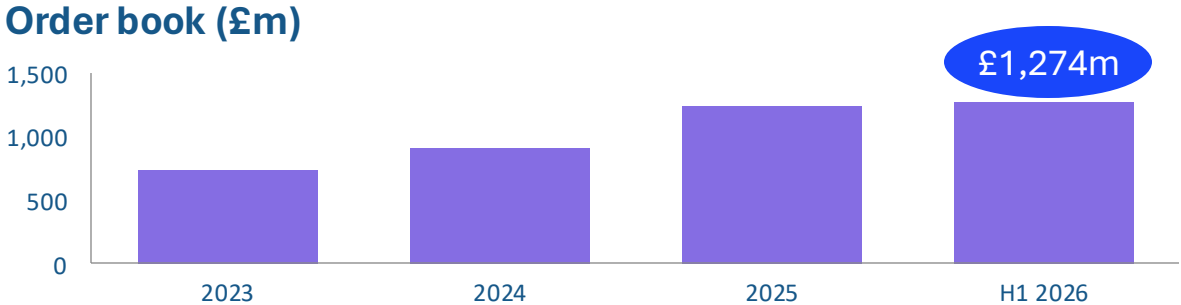
## Revenue (£m)



## Operating profit (£m)



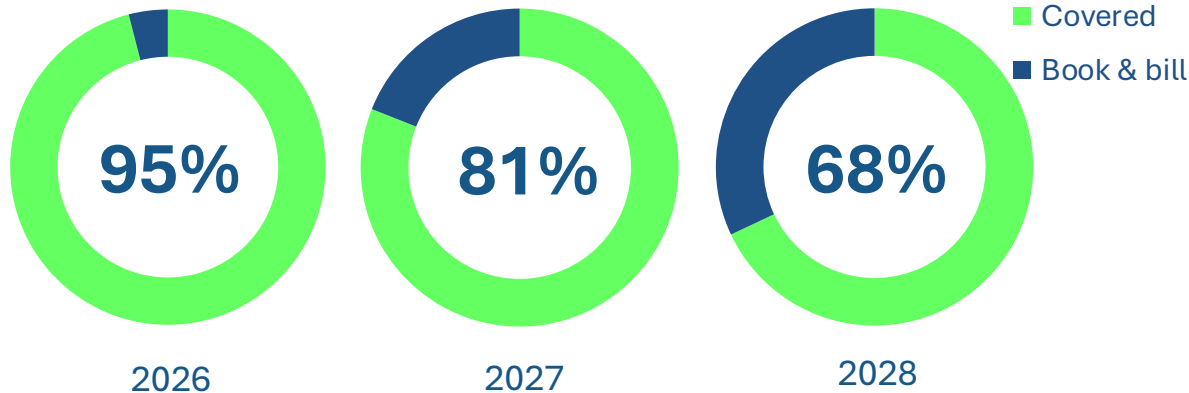
## Order book (£m)



## Business update

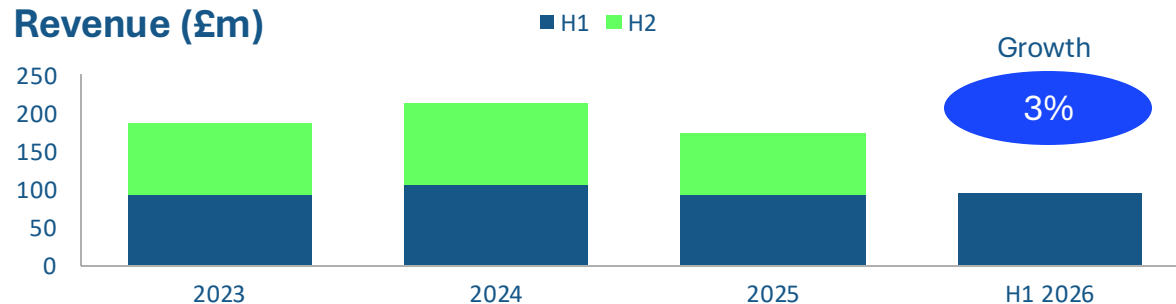
- » Strong growth in Energetics
- » Margins reflect improving commercial terms and the benefits of operational excellence
- » Investment in working capital to support scheduled H2 deliveries and key safety stocks increased
- » Energetics expansion projects on track, supported by enduring order book

## Order coverage

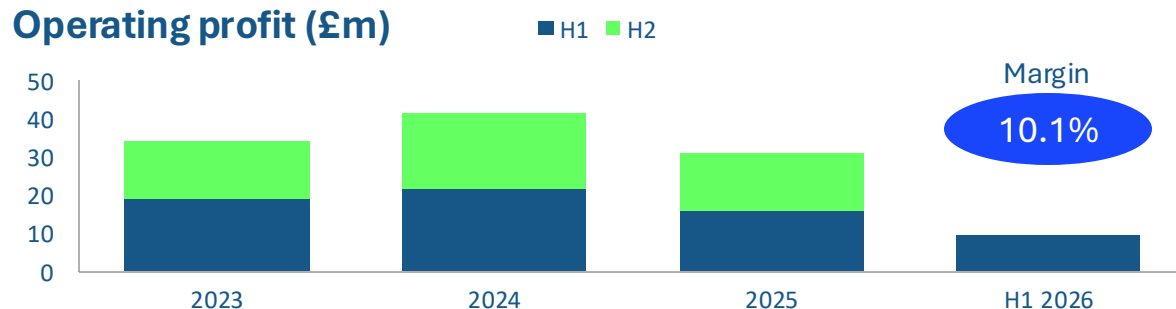


# Sensors & Information

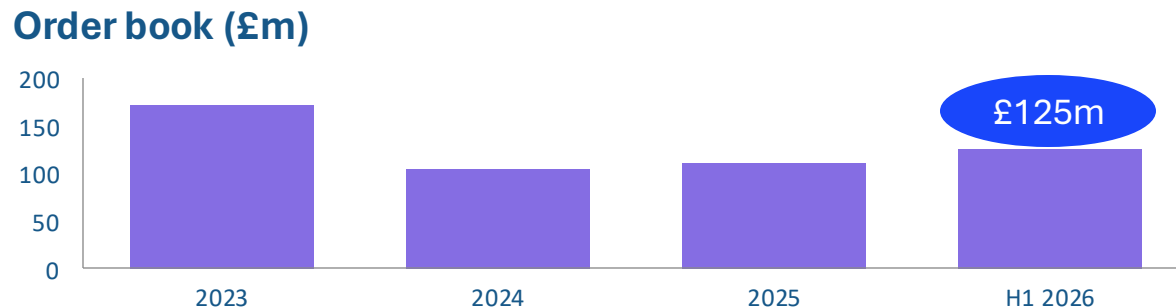
## Revenue (£m)



## Operating profit (£m)



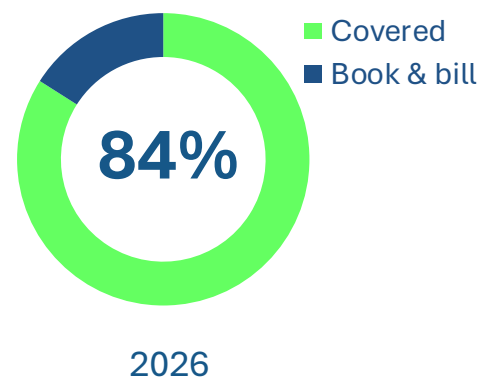
## Order book (£m)



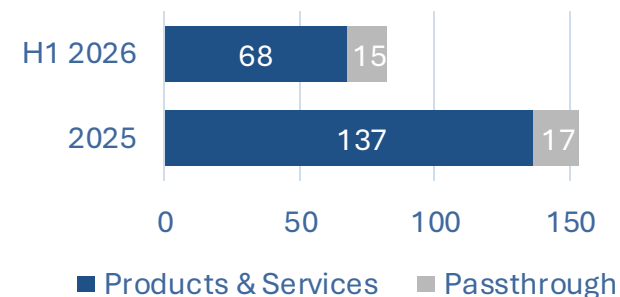
## Business update

- » Improving orderbook and increasing order cover
- » Return to revenue growth
- » Margin impacted by revenue mix and maintaining operational capability in anticipation of the sizeable pipeline of future opportunities
- » Improving performance in the second quarter

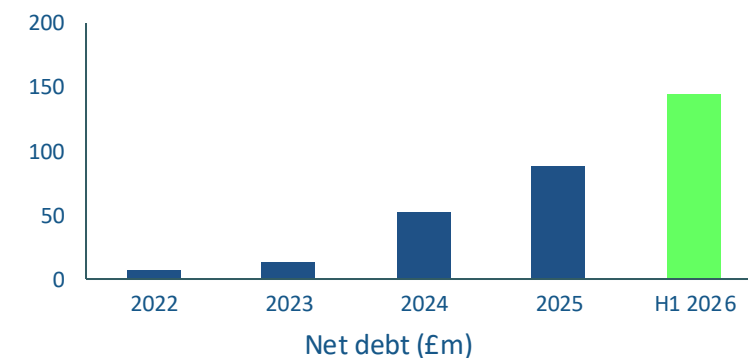
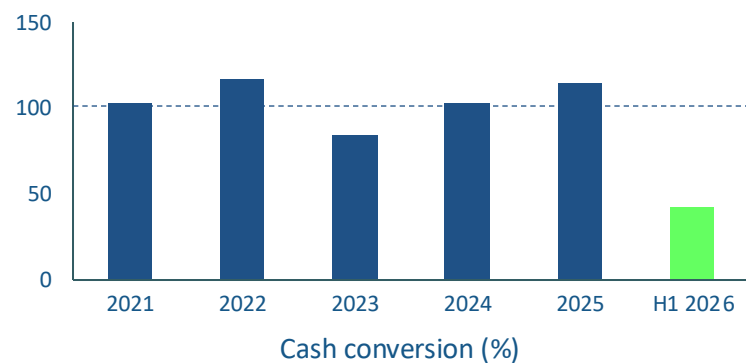
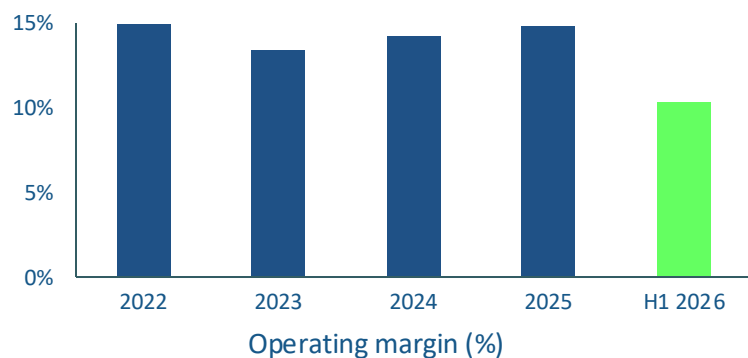
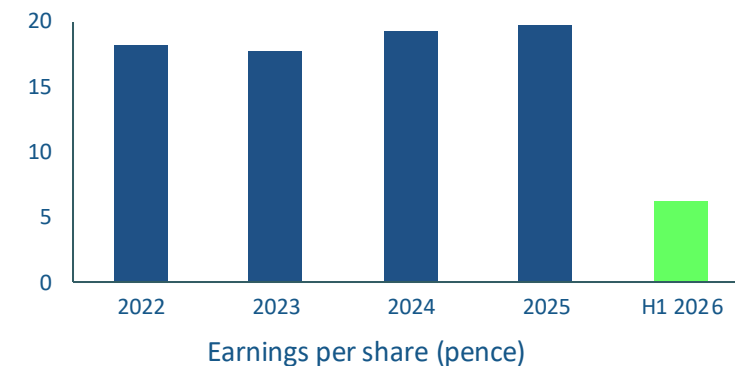
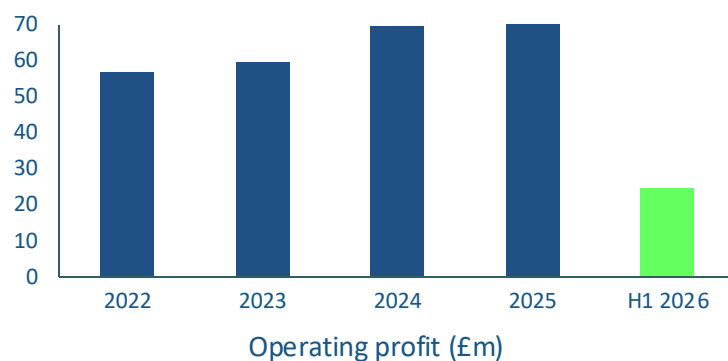
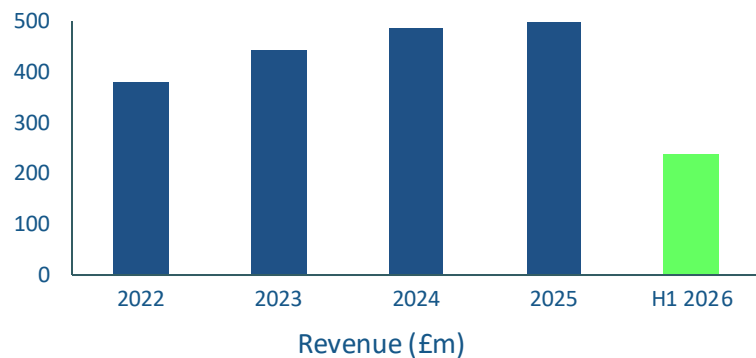
## Order coverage



## Breakdown of Roke revenue (£m)



# Group performance 2022 – H1 2026



# Adjusting items

	H1 2026	Growth	H1 2025
	£m		£m
Statutory operating profit	21.7	(25)%	28.9
Acquired intangibles amortisation	1.3		0.7
Acquisition related expenses	1.8		0.8
Mark to market gain on FX forward contracts	(7.3)		(5.5)
Pension Buy-in / Buy-out	(0.1)		0.1
Restructuring	0.4		1.5
Retirement of legacy production	6.7		-
Adjusted operating profit	24.5	(8)%	26.5
Finance costs	(2.9)		(3.0)
Tax charge on adjusted profit	(4.7)		(5.2)
Adjusted profit after tax	16.9	(8)%	18.3
Adjusted EPS	6.1p	(8)%	6.6p

# Medium term financial objectives and assumptions

## Revenue

- » Group – targeting low double-digit % growth as Roke returns to growth and new capacity comes online
- » S&I – targeting segmental high-single digit % growth from double digit growth in Roke after an H2 2026 recovery and US Sensors expected to be flat in 2026, but with a subsequent step change in growth as the JBTDS PoR commences FRP
- » C&E – targeting low single digit % growth in Countermeasures with a step change in growth in Energetics as additional capacity is commissioned

## Operating margins

- » Group – targeting mid teen return on sales % in the medium term
- » S&I – targeting high teen return on sales % in the medium term as the US PoRs deliver mid teen return once in FRP and Roke returns high teens margin as it returns to growth, and then delivers strong margins
- » C&E – targeting high teen return on sales % in the medium term as higher margin Energetics growth becomes a greater proportion of the segment

## Interest

- » 2026 expected to be ~£10m as borrowings drive increased finance costs

## Capex

- » £120-140m offset by grant funding of £10-20m in 2026
- » Investment in increased Energetics capacity, in addition to automation and maintenance capex
- » Ongoing investment in Energetics capacity in 2027 and 2028 above historic averages

## FX

- » US\$1.30: £1, AU\$1.90 : £1 and NOK 14.00 : £1
- » If GBP was 10% weaker against USD, AUD and NOK this would increase revenue by £28.6m and increase operating profit by circa £3.6m

## Tax

- » c.22% in 2026 and then rising towards mid 20's due to increased weighting of UK profits

## Share capital

- » Based on the position at 2025, the Group would expect the number of shares used in EPS calculations for 2026 to be 271.9m (basic) and 280.0m (diluted), and for 2027 to be 272.8m (basic) and 280.3m (diluted)
- » In 2026 circa £11m to be spent acquiring shares used for the vesting of LTIP awards, bought and held in the ESOP trust

# Impact of foreign exchange translation

	Constant currency movement	H1 2026 restated at 2025 rates £m	H1 2025 £m	H1 2026 £m
Revenue	+7%	<b>237.4</b>	222.8	<b>237.3</b>
EBITDA	(5)%	<b>37.0</b>	38.8	<b>38.2</b>
Operating profit	(12)%	<b>23.2</b>	26.5	<b>24.5</b>
Order book	+5%	<b>1,355</b>	1,296	<b>1,399</b>

## Sensitivities

- » 41% of revenue is denominated in USD, AUD and NOK in H1 2026 (H1 2025: 40%)
- » If GBP was 10% weaker against USD, AUD and NOK this would increase revenue by £10.8m and increase operating profit by circa £1.3m
- » Future guidance based on US\$1.30 / AU\$1.90 /NOK 14.00

## Translation

	% of revenue	Average rate		Closing rate	
		HY26	HY25	HY26	HY25
USD	23.3%	<b>1.35</b>	1.28	<b>1.36</b>	1.34
AUD	0.1%	<b>1.91</b>	2.01	<b>1.89</b>	2.09
NOK	17.7%	<b>12.94</b>	14.00	<b>12.59</b>	13.85

# Balance sheet

- » Net debt of £144.5m and net debt: EBITDA ratio of 1.47x
- » Over the 2 year period, 98% of EBITDA has been converted to operating cash funding reinvestment in capex
- » Working capital as a % of revenue has increased to 18% (H1 2025: 17%, 2025: 15%)
- » Total facilities of £342m, of which £188m were undrawn at 30 April 2026, providing good, immediately available liquidity

£m	H1 2026	H1 2025	2025
Goodwill & intangibles	140.6	125.2	143.3
Development costs	19.9	18.9	20.2
Property, plant & equipment	387.9	303.8	354.7
Trade working capital	92.7	89.9	73.7
Pension (liabilities)/surplus	0.6	-	(0.1)
Other	(128.5)	(92.0)	(120.8)
	<b>513.2</b>	445.8	471.0
Net debt	<b>(144.5)</b>	(93.3)	(89.0)
Net assets	<b>368.7</b>	352.5	382.0

# Market consensus

- » The Group is aware of eight analysts publishing independent research on the Group
- » The Group has compiled consensus data\* from the research it has been made aware of, as set out in the table
- » Investec and Deutsche Numis Corporate Brokers to Chemring

	2026	2027	2028
Revenue (£m)	547	625	706
Underlying operating profit (£m)	80.8	97.4	115.3
Underlying earnings per share (pence)	19.8	24.5	29.5
Net debt (£m)	166	167	133

\*Compilation of data only, does not represent the Group's views of projections

# Glossary

Acronym	Meaning
<b>AI</b>	Artificial Intelligence
<b>CCM UK</b>	Chemring Countermeasures UK
<b>CCM US</b>	Chemring Countermeasures USA
<b>CEU</b>	Chemring Energetic Devices
<b>CEUK</b>	Chemring Energetics UK
<b>CEMA</b>	Cyber and Electromagnetic Activities
<b>CHG</b>	Chemring Group
<b>CSES</b>	Chemring Sensors & Electronic Systems
<b>C&amp;E</b>	Countermeasures & Energetics
<b>DIP</b>	Defence Investment Plan
<b>DV</b>	Developed Vetting
<b>EMBD</b>	Enhanced Maritime Biological Detection
<b>ESG</b>	Environmental, Social and Governance
<b>EW</b>	Electronic Warfare

Acronym	Meaning
<b>FRP</b>	Full rate production
<b>IDIQ</b>	Indefinite Delivery/Indefinite Quantity
<b>ISTAR</b>	Intelligence, Surveillance, Target Acquisition, and Reconnaissance
<b>JBTDS</b>	Joint Biological Tactical Detection System
<b>LRIP</b>	Low rate initial production
<b>LTI</b>	Lost time incident
<b>MENA</b>	Middle East & North Africa
<b>NATO</b>	North Atlantic Treaty Organisation
<b>SDR</b>	Strategic Defence Review
<b>S&amp;I</b>	Sensors & Information
<b>UKEF</b>	United Kingdom Export Finance
<b>UK MOD</b>	United Kingdom Ministry of Defence
<b>US DoW</b>	United States Department of War
<b>20XX</b>	Reference to fiscal year 20XX

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