

Chemring Group PLC 2025 Interim results



Delivering the plan



Presented on 3rd June 2025 by:

Michael Ord – Group Chief Executive

James Mortensen – Chief Financial Officer

Chemring |
Innovating to protect



Michael Ord

Group Chief Executive

Chemring |
Innovating to protect

Delivering the plan

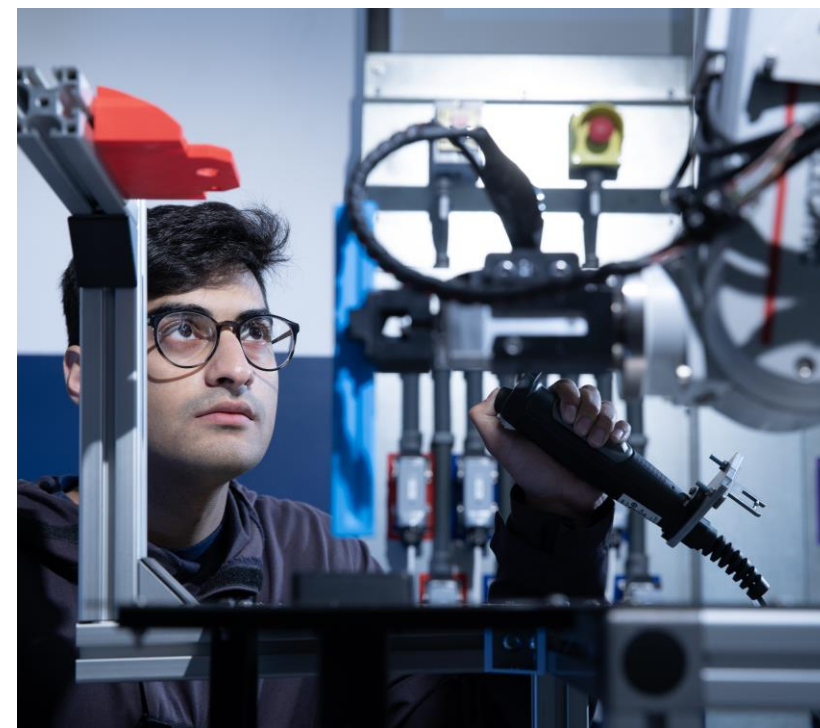
Operational and trading performance in line with expectations

Robust returns and good cash conversion

Record order book – underpinned by geopolitical environment

Strategic organic and inorganic investment continues to plan

Increasing momentum as we build for future growth



On track to increase annual revenue to c.£1bn by 2030

H1 2025 good progress across KPIs

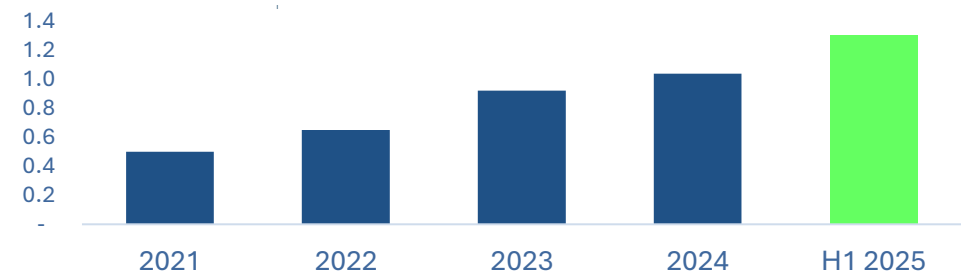
In line with our expectations

Growth		Earnings		Cash generation	
Order intake	Revenue	Operating margin	Earnings per share	Cash conversion	Net debt: EBITDA
+42%	+5%	11.6%	6.8p	80%	0.95x
£488m	£234m	(H1 2024: 11.2%)	(H1 2024: 6.6p)	(H1 2024: 83%)	(H1 2024: 0.85x)
(H1 2024: £345m)	(H1 2024: £223m)				

Safety and ESG

Total Recordable Injury Frequency Rate (TRIF)	On track to meet both near and longer-term ESG targets
0.63	
(H1 2024: 0.8)	

Order book (£bn)



References to operating profit, operating margin, EPS, operating cash and cash conversion are to continuing underlying measures



Photo Credit: United Launch Alliance

James Mortensen

Chief Financial Officer

Chemring |
Innovating to protect

Financial highlights

	H1 2025		H1 2024	2024
Order book	£1,304m	+25%	£1,041m	£1,038m
Revenue	£234.3m	+5%	£223.4m	£510.4m
Operating profit	£27.1m	+8%	£25.0m	£71.1m
Operating margin	11.6%	+40 bps	11.2%	13.9%
Diluted EPS	6.8p	+3%	6.6p	19.5p
Cash conversion	80%	(300) bps	83%	102%
Dividend	2.7p	+4%	2.6p	7.8p

Summary:

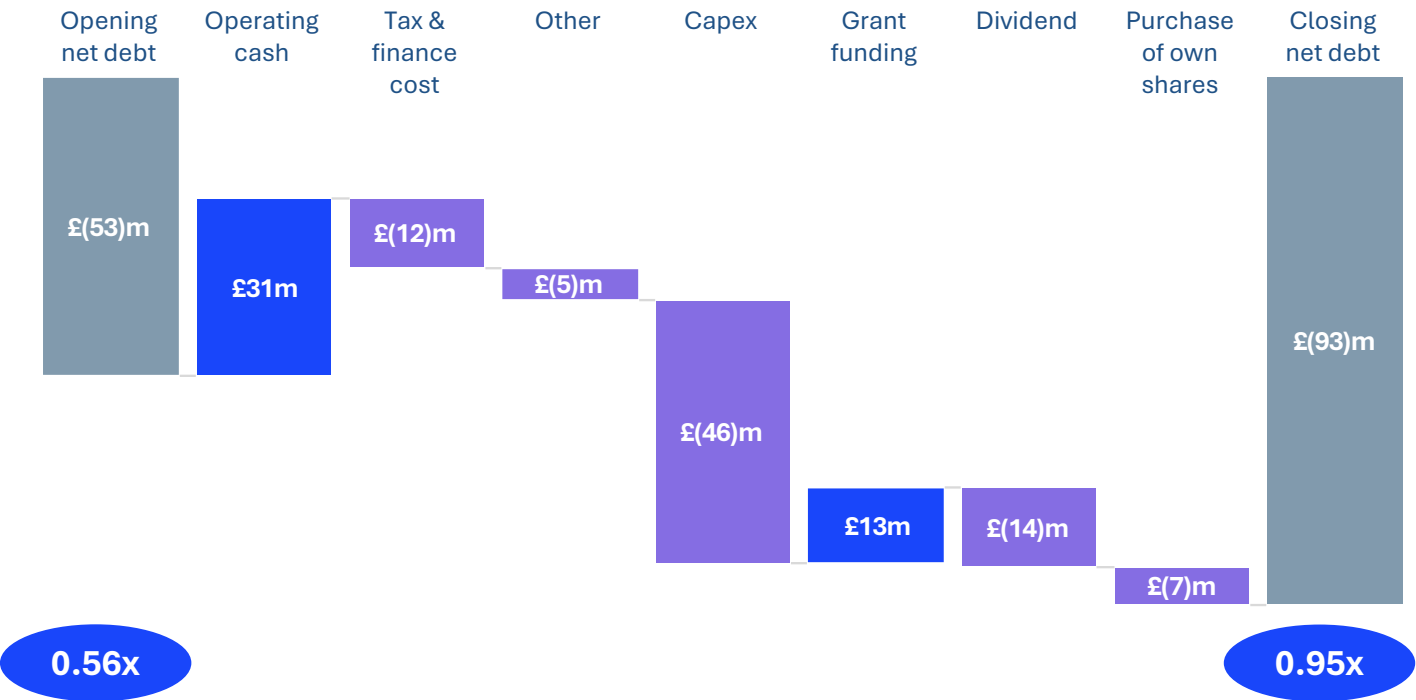
- » Record order book
- » Good sales and profit growth
- » Operating margin improving
- » EPS growing
- » Strong cash conversion

Group and segmental performance

	Revenue (£m)	Revenue growth	Operating profit (£m)	Operating profit growth	Operating profit margin
Countermeasures & Energetics	141.7	+20%	20.4	+73%	14.4%
Sensors & Information	92.6	(12)%	16.1	(26)%	17.4%
Group	234.3	+5%	27.1	+8%	11.6%

- » Countermeasures & Energetics – growth across both Countermeasures and Energetics as businesses perform in line with plan
- » Sensors & Information – declined as JBTDS LRIP in prior period, and a slow-down in Roke’s UK business
- » On a constant currency basis, Group revenue and operating profit would have increased by 6% and 10% respectively

Group net debt bridge



- » Continued focus on cash management, with cash conversion of 80%
- » £46m capex, of which £35m spent on Energetics capacity expansion
- » £17m returned to shareholders in the period, £37m remains on the buy back
- » RCF refinanced to 2028
- » Less than 1x leverage

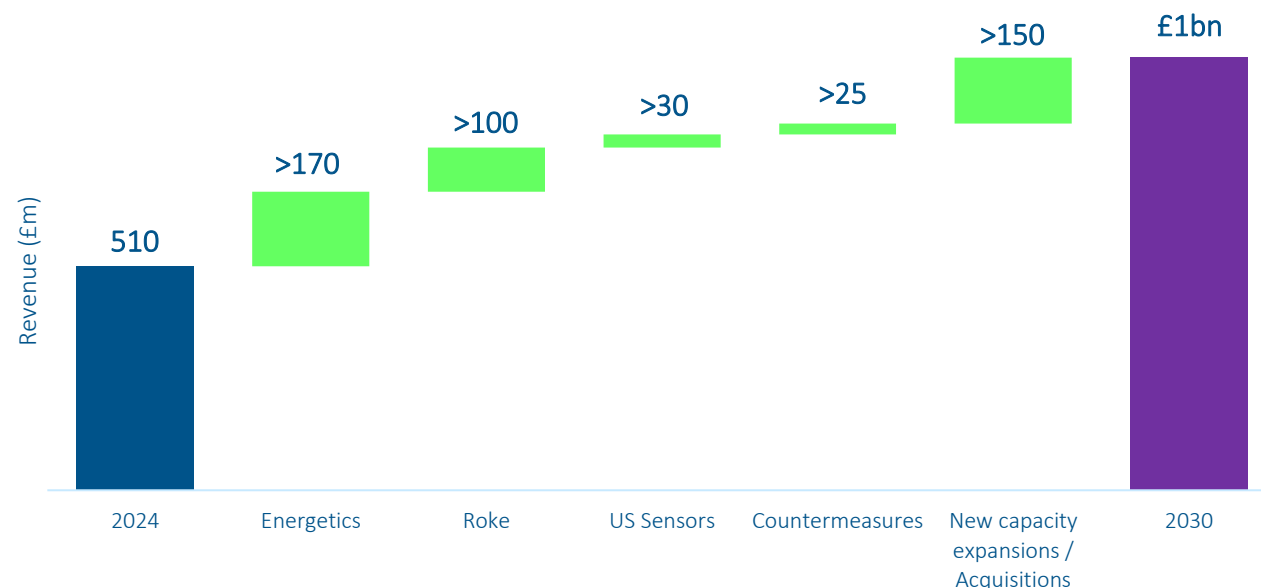
Capital allocation

Invest in the business	Focused M&A	Ordinary dividends	Surplus capital
<ul style="list-style-type: none">» Investment in our Energetics businesses to capitalise on unprecedented demand» Ongoing capex investment to increase automation, enhance safety and drive margin improvement	<ul style="list-style-type: none">» Bolt-on acquisitions in our core and close adjacencies – in particular Roke and US Space & Missiles» Disciplined approach; healthy pipeline» Sale of EHD business completed	<ul style="list-style-type: none">» Key part of total shareholder return» Maintaining dividend cover of c.2.5 times underlying EPS	<ul style="list-style-type: none">» Returned to shareholders» Share buy-back has returned £3m since inception

Resilient balance sheet – target <1.5x leverage

£1bn revenue ambition

- » Energetics: >£170m revenue
 - » >£100m for expansion programmes already announced
 - » plus >£70m from underlying mid-single digit CAGR
- » Roke: >£100m revenue
- » US Sensors: >£30m revenue
- » Countermeasures: >£25m from low single digit CAGR
- » >£150m - new capacity expansions in Energetics / Acquisitions
- » Mid teen margins in the medium term, with some operational leverage in the longer term



Increasing momentum as we build for future growth

NB – all numbers incremental revenue, per annum and by FY30

Guidance and financial outlook

FY25 guidance

- » Overall guidance unchanged
- » 85% of expected revenue delivered or in the order book
- » Countermeasures & Energetics targeting low double-digit growth in revenue
- » Sensors & Information revenue flat
- » H1/H2 phasing of operating profit similar to 2024
- » Negligible impact from US tariffs
- » Tax at 22%, finance costs of c.£7m

Potential near-term headwinds

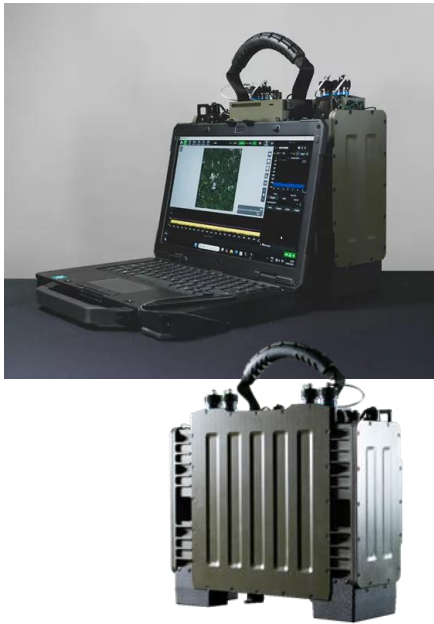
- » Near-term budget timing disruption in the US and the Strategic Defence Review in the UK
- » Foreign exchange – volatility of US\$/AU\$/NOK to GBP

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

Driving innovation

- » We have over 1,000 engineers, scientists, and subject matter experts working at the cutting edge of technology
 - in AI and Data Science alone we have over 100 engineers and scientists
- » We spend c.£115m a year on R&D, of which c.90% is customer funded

Innovation showcase : EM-Vis Deceive portable electronic attack capability



- » Roke has launched EM-Vis Deceive, a new portable EW system that brings electronic attack (“EA”) capabilities directly to troops on the ground
- » The lightweight system helps military forces detect, track and disrupt enemy communications, drones, missiles and other electronic signals
- » Deceive is the first fully integrated person-borne system of its kind to be designed and built to modular open standards – providing a flexible, upgradable and tailorable solution for different missions
- » Designed for export, ITAR free and competitively priced, Deceive has already received expressions of interest from 15+ national militaries since its launch in May 2025



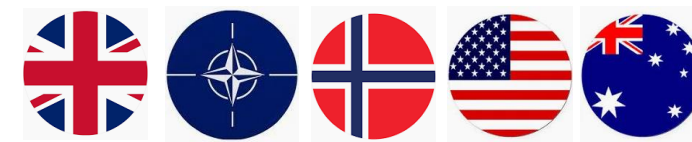


Michael Ord – Group Chief Executive



Chemring
Innovating to protect

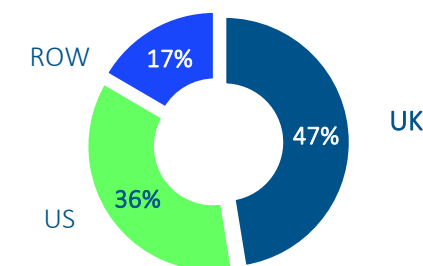
Market update



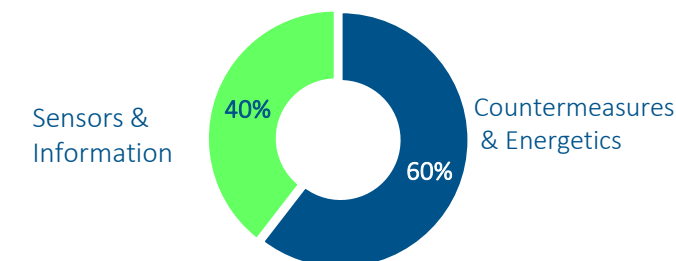
Evolving market environment

- » Escalating and rapidly evolving geopolitical tensions
- » Accelerating pace and widening range of threats
- » Growing European defence budgets with increased focus on strategic self-reliance
 - » Strong emphasis on energetic capabilities across Nordic countries
- » UK Strategic Defence Review
 - » MOD looking to reform the acquisition process
 - » Emphasis on resilience and national sovereignty
- » Technology superiority for defence of the US homeland and deterrence against emerging threats likely underpin the Trump administration approach

H12025 Revenue by Geography



H12025 Revenue by Sector



Global rise in threats and conflict is driving a new set of security imperatives

Chemring's growth is underpinned by three core drivers



Photo credit: United Launch Alliance

European threats...

- » Driving demand for traditional defence capabilities including artillery rounds and shoulder launched missiles
- » Driving demand for advanced defence technology including Electronic Warfare, counter-UAS and ISTAR capabilities

UK National Security threats...

- » Driving demand for active-cyber defence and operational mission support services
- » Driving demand for Artificial and Open-Source Intelligence as customers look to modernise capabilities at pace

Asia Pacific threats...

- » Driving demand for missiles and long-range deterrent capabilities
- » Driving demand for both national and commercial space launch

Key Chemring beneficiaries:



Chemring Nobel



Roke



Chemring Energetics



Roke



Energetic Devices



Chemring Nobel

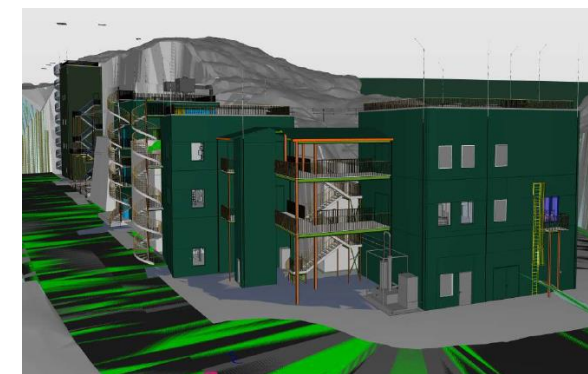
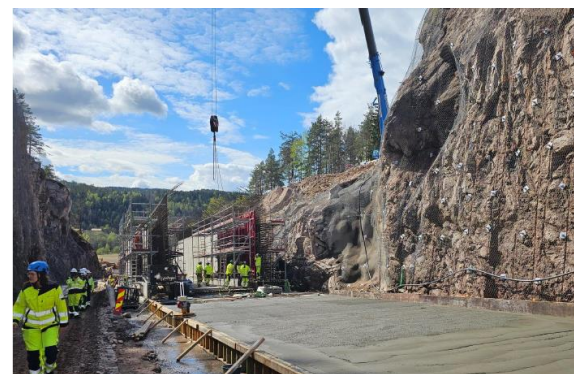
Geopolitical tensions driving strong demand for Chemring's products

Energetics expansion projects on track



Scotland - £45m investment
- +£30m pa incremental revenue

- Buildings complete, equipment being installed
- Commissioning and licensing underway
- Cost in line with plan, on schedule



Norway - £55m net investment (£90m grant funded)
- +£60m pa incremental revenue

- Current facility expansion in line with plan
- Good progress on construction
- Greenfield feasibility study in Norway ongoing, potential for further expansion projects in Germany and the UK

Remain on track to deliver incremental £100m revenue and £30m operating profit pa by 2028

Roke – Increasing strategic positions underpin long-term growth

Significant strategic progress in Roke's products business:

- » MRA – Won strategic multi-year supply agreement with major US prime contractor
- » STORM – Won strategically important £251m UK MOD multi-year missile defence contract
- » Significant (>£300 million) 5-year international sales pipeline for EW products as customers increase focus on CEMA

Offset by near-term softness in National Security as a result of SDR:

- » No evidence of Roke programmes either being lost or cancelled, but rate of order placement slowed
- » Mitigating action taken in January to match capacity with current demand
- » Recovery expected in H2 2025 - Roke well positioned to capitalise on upturn in contract renewals and customer funded R&D

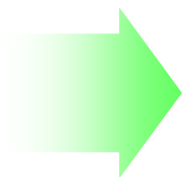


Remains on track to grow 2028 revenue to >£250m pa, and maintain strong margins

Summary and outlook

H1 2025: In line with expectations

- » **Strong performance** despite near-term S&I headwinds. Recovery in H2 expected
- » Record order intake with **85% of 2025 revenue covered** by the order book
- » Board's expectations for **2025** performance remains **in line with market expectations**, with a similar H2 weighting to 2024



Longer-term outlook increasingly robust

- » **Strong growth** predicted over at least the **next decade** – well positioned in high margin and growing markets
- » **Record order book** (>£1.3bn) and long-term partnering agreements give **excellent visibility** of future earnings
- » Balance sheet strength gives **increased optionality** for further **organic** and **inorganic growth** – strong pipeline of opportunities
- » **On track** to increase annual revenue to **c.£1bn by 2030**











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

Appendices



Chemring |
Innovating to protect

Organisation

	Sensors & Information			Countermeasures & Energetics						
	Roke	Roke USA	US Sensors	Countermeasures UK	Countermeasures USA	Countermeasures Australia	Energetic Devices	Energetics UK	Chemring Nobel	Technology Solutions
BU/capabilities										
Operational mission support services	●									
Active cyber defence & OSINT	●									
Land EW	●	●								
Sensors	●		●							
Air & naval countermeasures				●	●	●				
Energetics material & products							●	●	●	●
Precision engineered devices							●	●		●

Delivering on our strategic imperatives

Our strategic imperatives:

Grow

Investing in capacity, technology and people to drive organic growth:

- Capacity expansion across Energetics
- Innovation and solution development at Roke



Accelerate

Investing in value-enhancing bolt-on acquisitions to accelerate growth, e.g.

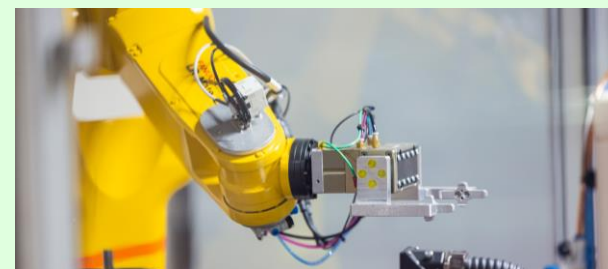
- Advanced capabilities and scaling for Roke
- Enhanced market access for US Space and Missiles



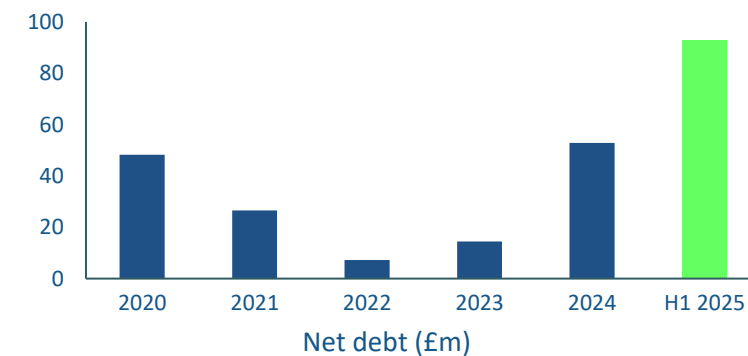
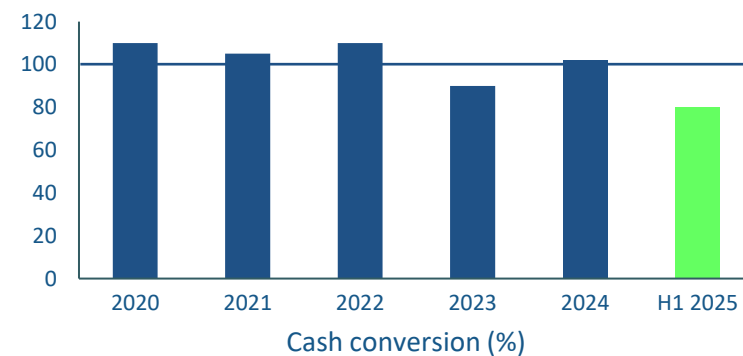
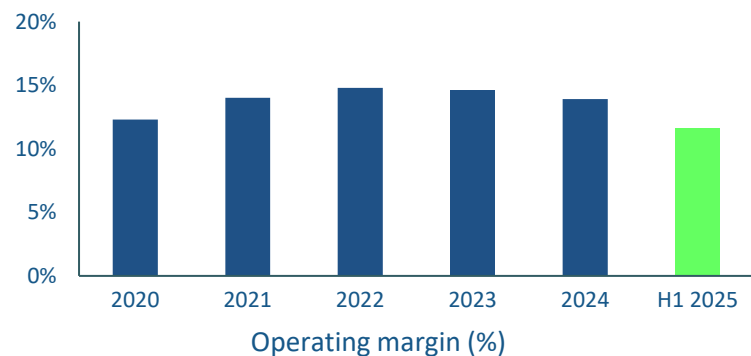
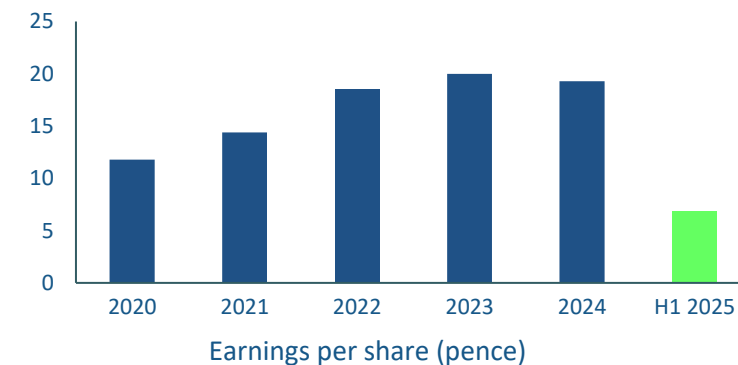
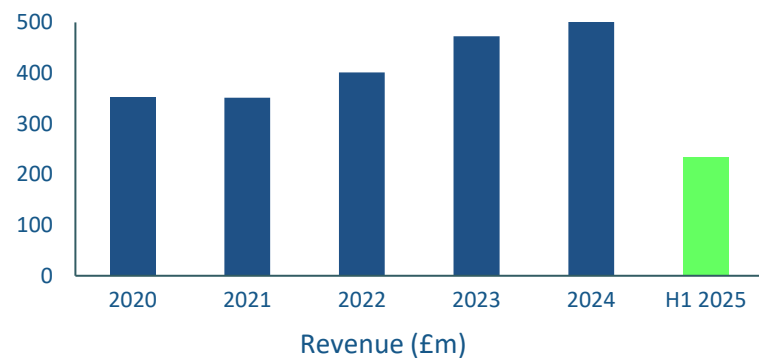
Protect

Investing to protect sole-source and market-leading positions:

- Increased modernisation and automation
- Safety, operational excellence, and new product development



Group performance 2020 – H1 2025



Order book

Total orderbook	Growth	2025 Coverage
£1,304m	25%	85%

Countermeasures & Energetics

Orderbook	Growth	2025 Coverage
£1,222m	39%	96%

- » Expected 2026 revenue 86% covered and 2027 64% covered
- » Significant orders for our specialist energetic materials businesses, space and missiles

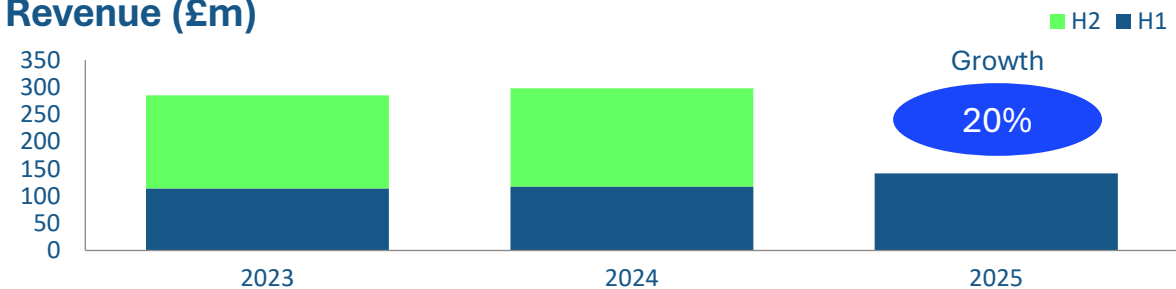
Sensors & Information

Orderbook	Growth	2025 Coverage
£82m	(48)%	67%

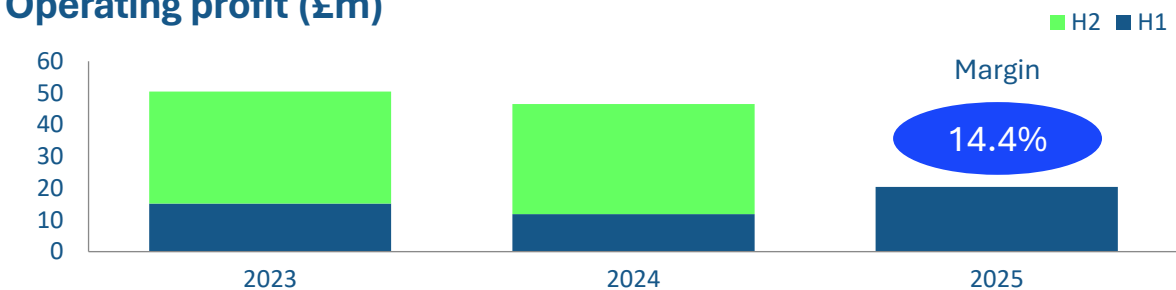
- » Continued strong order intake for Roke National Security and Defence

Countermeasures & Energetics

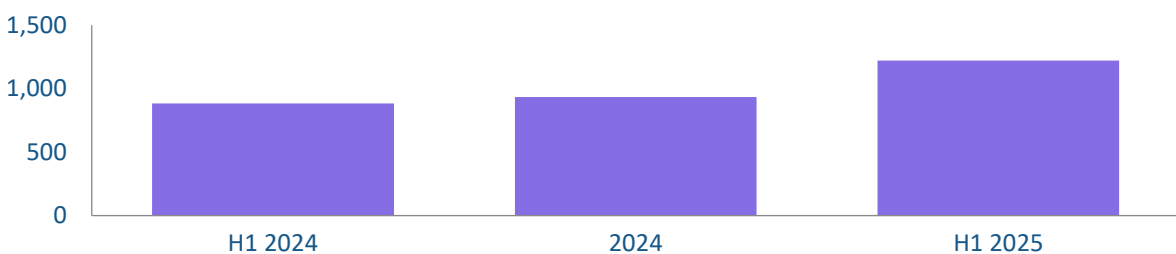
Revenue (£m)



Operating profit (£m)



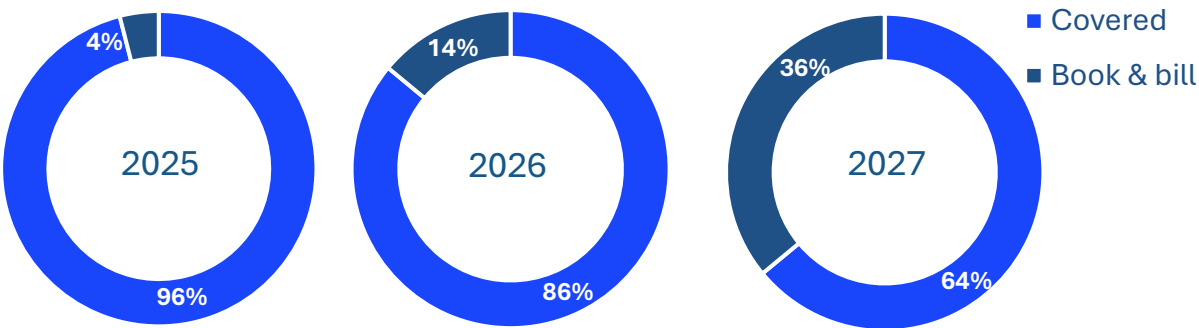
Order book (£m)



Business update

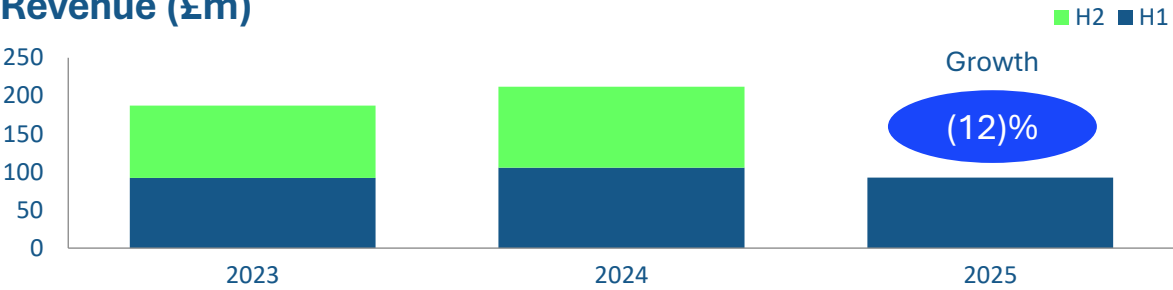
- » Record order intake (£418m) and order book (£1,222m)
- » Growth in revenue and operating profit as our businesses perform to plan
- » Capital investment plan on track, £35m capex spent on expansion projects in the period
- » Full year order cover for 2025 of 96%

Order coverage

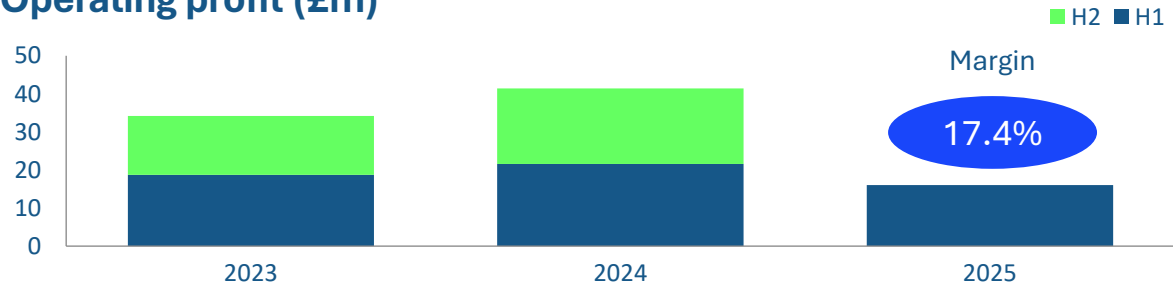


Sensors & Information

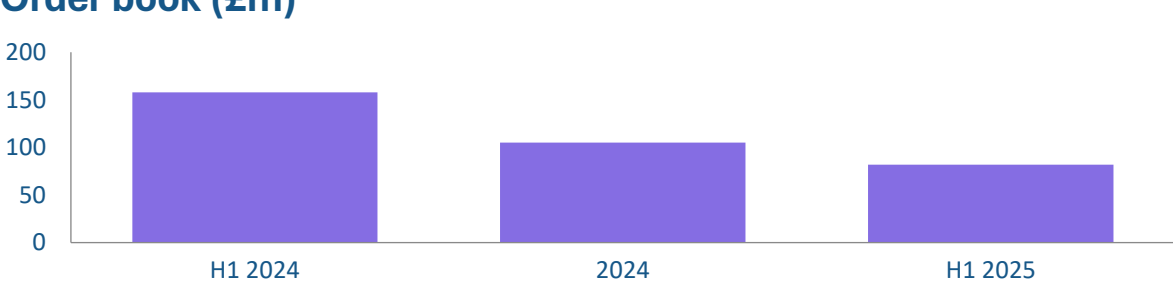
Revenue (£m)



Operating profit (£m)



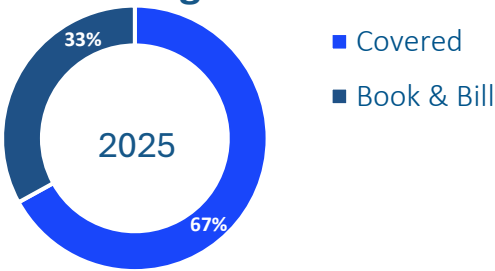
Order book (£m)



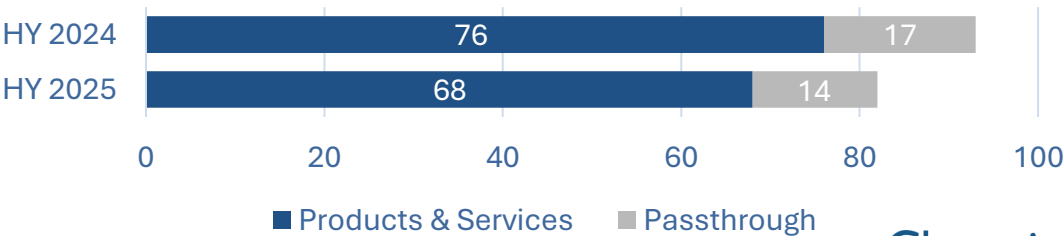
Business update

- » Roke revenue decreased by 12%. Excluding passthrough the decrease would be 11%
- » Operating margin decreased to 17.4%
- » US Sensors in receipt of \$15m EMBD order, deliveries in 2025
- » Full year order cover for 2025 of 67%

Order coverage



Breakdown of Roke revenue (£m)



Adjusting items

	H1 2025	Growth	H1 2024
	£m		£m
Statutory operating profit	29.5	69%	17.5
Acquired intangibles amortisation	0.7		1.0
Acquisition related expenses	0.8		1.7
Mark to market gain on FX forward contracts	(5.5)		(1.1)
Pension Buy-in / Buy-out	0.1		5.0
Restructuring	1.5		-
Change of senior management positions	-		0.9
Adjusted operating profit	27.1	8%	25.0
Finance costs	(3.0)		(2.3)
Tax charge on adjusted profit	(5.2)		(4.3)
Adjusted profit after tax	18.9	3%	18.4
Adjusted EPS	6.8p	3%	6.6p

Medium term financial objectives and assumptions

Revenue

- » Group – targeting mid-single digit growth in the near term, accelerating to low double-digit % growth as new capacity comes online
- » S&I – targeting segmental mid-single digit % growth from double digit growth in Roke and US Sensors expected to be flat, 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 maintains strong low 20s percentage margin
- » C&E – targeting mid to high teen return on sales % in the medium term as higher margin Energetics growth becomes a greater proportion of the segment

Interest

- » H2 2025 expected to be similar to H1 as borrowings drive increased finance costs

Capex

- » c.£70m for 2025, £50m for 2026 and £30m for 2027 as the £200m 4-year investment in increased Energetics capacity is completed, in addition to maintenance capex of £20-30m per annum
- » Offset by grant funding of £90m, with about £15m in 2025, £25m in 2026 and £28m in 2027

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 £9.9m and increase operating profit by circa £1.1m

Tax

- » 21.6% in H1, expected to be similar in H2 and then rising towards mid 20's due to the increased weighting of UK profits

Share capital

- » Based on the position at H1 2025, the Group would expect the number of shares used in EPS calculations for 2025 to be 270.4m (basic) and 276.0m (diluted), and for 2026 to be 267.1m (basic) and 272.8m (diluted)
- » In H2 circa £14m 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 2025 restated at 2024 rates £m	H1 2024 £m	H1 2025 £m
Revenue	+6%	236.0	223.4	234.3
EBITDA	+14%	40.4	35.5	39.8
Operating profit	+10%	27.5	25.0	27.1
Order book	+28%	1,328	1,041	1,304

Sensitivities

- » 40% of revenue is denominated in USD, AUD and NOK in H1 2025 (H1 2024: 36%)
- » If GBP was 10% weaker against USD, AUD and NOK this would increase revenue by £9.9m and increase operating profit by circa £1.1m
- » Future guidance based on US\$1.30 / A\$1.90 /NOK 14.00

Translation

		Average rate		Closing rate	
	% of revenue	HY25	HY24	HY25	HY24
USD	27.0%	1.28	1.26	1.34	1.25
AUD	0.1%	2.01	1.92	2.09	1.93
NOK	13.1%	14.00	13.59	13.85	13.87

Balance sheet

- » Net debt of £93.3m and net debt: EBITDA ratio of 0.95x
- » 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 remained consistent at 17% (H1 2024: 18%, 2024: 17%)
- » Total facilities of £275m, of which £170m were undrawn at 30 April 2025, providing good, immediately available liquidity

£m	H1 2025	H1 2024	2024
Goodwill & intangibles	125.2	107.9	108.5
Development costs	18.9	17.5	18.6
Property, plant & equipment	303.8	261.0	287.8
Trade working capital	89.9	86.8	88.3
Pension surplus	-	0.8	0.1
Other	(92.0)	(47.8)	(94.2)
	445.8	426.2	392.9
Net debt	(93.3)	(75.3)	(52.8)
Net assets	352.5	350.9	356.3

Market consensus

- » The Group is aware of seven 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 is Corporate Broker to Chemring

	2025	2026	2027
Revenue (£m)	537	599	673
Underlying operating profit (£m)	75.5	88.7	106.6
Underlying earnings per share (pence)	19.7	23.3	28.4
Net debt (£m)	101	111	81

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

Glossary

Acronym	Meaning
CCM UK	Chemring Countermeasures UK
CCM US	Chemring Countermeasures USA
CED	Chemring Energetic Devices
CEUK	Chemring Energetics UK
CEMA	Cyber and Electromagnetic Activities
CHA	Chemring Australia
CHG	Chemring Group
C&E	Countermeasures & Energetics
EMBD	Enhanced Maritime Biological Detection
ESG	Environmental, social and governance
EW	Electronic Warfare
FRP	Full rate production
F-35	F-35 Joint Strike Fighter
IDIQ	Indefinite Delivery/Indefinite Quantity

Acronym	Meaning
ISTAR	Intelligence, Surveillance, Target Acquisition, and Reconnaissance
JBTDS	Joint Biological Tactical Detection System
LRIP	Low rate initial production
LTI	Lost time incident
MENA	Middle East & North Africa
MTV	Magnesium Teflon Viton
NSIA	National Security and Investment Act
NATO	North Atlantic Treaty Organisation
OSINT	Open Source Intelligence
PoR	Program of Record
S&I	Sensors & Information
UK MOD	United Kingdom Ministry of Defence
US DoD	United States Department of Defense
20XX	Reference to fiscal year 20XX

Disclaimer

2025 Chemring Group PLC

The information in this document is the property of Chemring group PLC (“Chemring”) and may not be copied or communicated to a third party or used for any purpose other than that for which it is supplied without the express written consent of Chemring. This presentation does not constitute a recommendation to sell or buy securities of Chemring.

This presentation contains certain statements that are forward-looking statements. They appear in a number of places throughout this presentation and include statements regarding the intentions, beliefs and/or current expectations of Chemring and its subsidiaries (together, the “group”) and those of their respective officers, directors and employees concerning, amongst other things, the results of operations, financial conditions, liquidity, prospects, growth strategies and the businesses operated by the group. Phrases such as “aim”, “plan”, “intend”, “should”, “anticipate”, “well-placed”, “believe”, “estimate”, “expect”, “target”, “consider” and similar expressions are generally intended to identify forward-looking statements. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. As such, undue reliance should not be placed on forward-looking statements. The forward-looking statements reflect knowledge and information available at the date of preparation of this presentation and, unless otherwise required by applicable law, Chemring undertakes no obligation to update or revise these forward-looking statements.

No representation or warranty, express or implied, is given by Chemring or any member of its group or any of their respective officers, directors, employees or any other person as to the fairness, accuracy or completeness of the information or opinions contained in this presentation and no liability whatsoever for any loss howsoever arising from any use of this presentation or its contents otherwise arising in connection therewith is accepted by any such person in relation to such information.

This presentation contains brands that are trademarks and are registered and/or otherwise protected in accordance with applicable law.