

Chemring Group PLC

1 May 2018

Companies Act Section 430 statement – Michael Flowers

Further to the announcement today that Michael Flowers will retire from his role as Group Chief Executive of Chemring Group PLC (“Chemring”) and be succeeded by Michael Ord, the Board announces full details of the financial arrangements that will apply to Mr Flowers.

It is currently anticipated, subject to confirmation of Mr Ord’s date of joining, that Mr Flowers will step down as Chief Executive and as a Director on 30 June 2018 and will remain as an employee until 31 October 2018 to provide transition support to the incoming Chief Executive.

Mr Flowers will receive his salary and benefits in the usual way until 31 October 2018 and will be eligible for a bonus for the full fiscal year to 31 October 2018, subject to the Remuneration Committee’s assessment of his performance against the relevant performance measures and targets and subject to existing deferral obligations assuming bonuses are paid. The performance assessment and payment of any bonus will be made at the same time as to other senior executives, after the end of the 2018 financial year.

Mr Flowers’ notice period will start today, 1 May 2018, and, if he leaves Chemring’s employment as anticipated on 31 October 2018, he will then receive a payment in lieu of the remainder of his 12 months’ notice period, being 6 months’ salary and benefits, as a lump sum. Further, although Mr Flowers has been released from his obligation to mitigate his loss given that he intends to retire, he will be required to repay any sums earned from equivalent employment during what would have been the remainder of his notice period to 30 April 2019.

Mr Flowers will be treated as a good leaver for the purposes of Chemring’s incentive schemes. Deferred bonuses that have been paid in shares will be released in line with the normal vesting timetable. Further, in respect of Chemring’s Performance Share Plan (“PSP”) it has been agreed, in accordance with the rules of the plan, that Mr Flowers will remain eligible to receive the outstanding PSP shares awarded in 2016 and in 2017. Chemring’s Remuneration Committee has chosen to exercise limited discretion to disapply time pro rating in respect of Mr Flowers’ 2017 PSP share award, but instead to lapse in full his 2018 award. This means that Mr Flowers will be eligible for the full 3-year PSP awards made in 2016 and 2017 instead of being eligible for two-thirds of the 2017 award, and he will lose his one-third entitlement under the 2018 award.

The post-termination restrictions set out in Mr Flowers’ service agreement remain in force.

Consistent with agreement reached with Mr Flowers on his promotion to Chief Executive, he will be reimbursed for relocation expenses of up to £10,000, subject to receipts, if he relocates from the UK.

Chemring will pay up to a maximum contribution of £5,000 plus VAT toward Mr Flowers’ legal fees incurred in connection with the cessation of his employment, as is permitted under the remuneration policy.

For further information please contact:

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