

# Chemring Group PLC 2025 results



## Delivering the plan



**Presented on 9<sup>th</sup> December 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

Resilient performance

Robust returns and excellent cash conversion

Record order book – underpinned by geopolitical environment

Strategic organic investment to accelerate growth

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



# 2025 good progress across all KPIs

Growth		Earnings		Cash generation	
Order book	Revenue	Operating margin	Earnings per share	Cash conversion	Net debt: EBITDA
+32%	+2%	14.8%	19.4p	114%	0.90x
£1.3bn	£498m	(2024: 14.3%)	(2024: 18.9p)	(2024: 103%)	(2024: 0.58x)
(2024: £1.0bn)	(2024: £488m)				
Safety and ESG					
Recordable injury rate		GHG Emissions		On track to meet both near and longer term ESG targets	
0.48		-10.6%			
(2024: 0.69)					

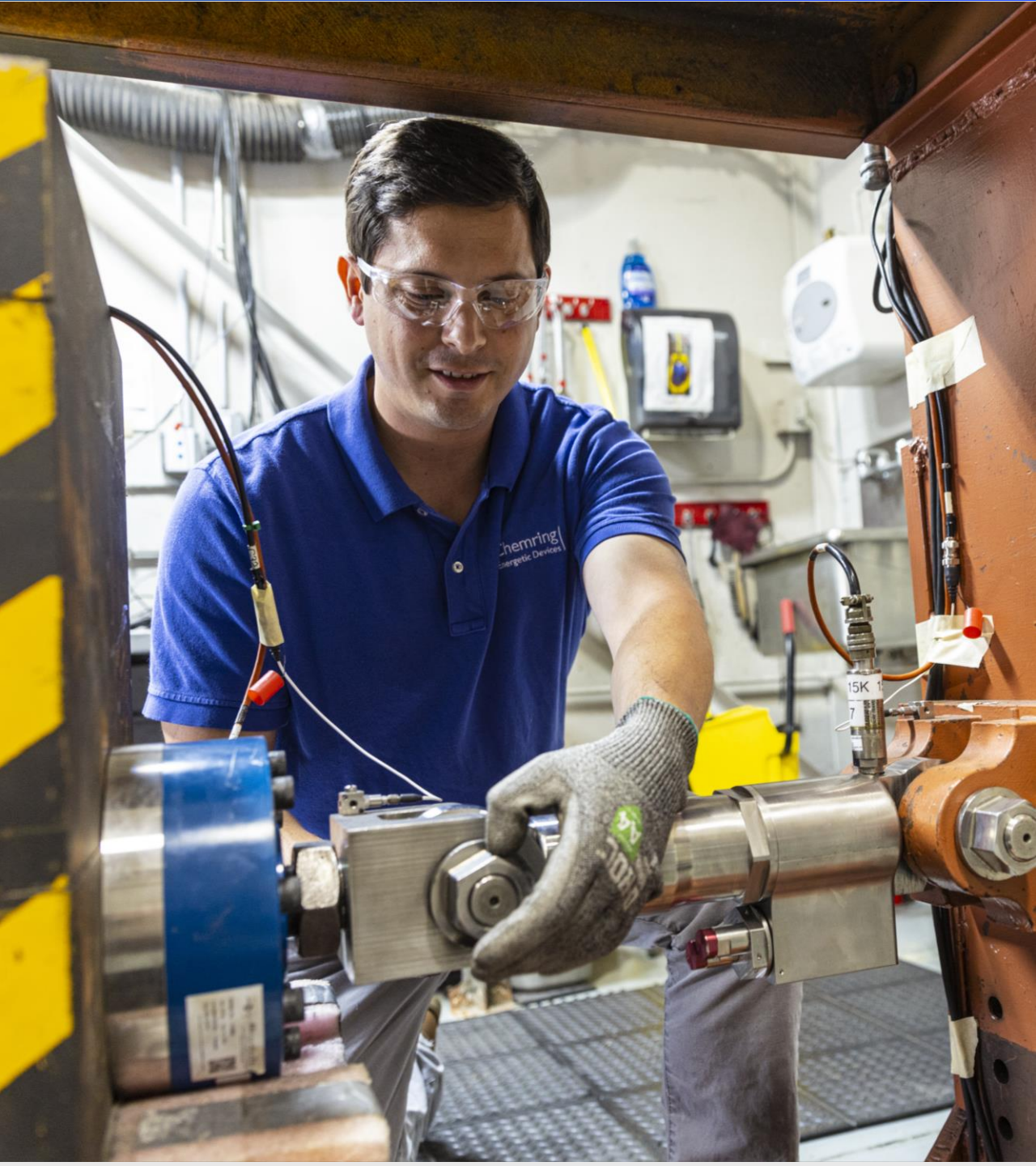


# Well placed to capitalise on long-term demand

- » **Diversified portfolio** exposed to a number of **structural tailwinds** in Defence, National Security and Space sectors - **underpinned** by a **rearmament upcycle** and the fundamental need to **re-build the defence industrial base**
- » **Market leading** positions, often **sole-source**, in **niche markets** where we have **technology differentiation** and **strong customer relationships**
- » **Strong operational execution** and track record evidenced by **mid-teens margins**, strong **cash conversion** and **record order book growth**
- » Enhancing capacity and capabilities through **organic investment**, complemented by **bolt-on M&A**



Well positioned to deliver superior and sustainable shareholder value



James Mortensen

Chief Financial Officer

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# Financial highlights

	2025		2024
Order book	<b>£1,345m</b>	<b>+32%</b>	£1,022m
Revenue	<b>£497.5m</b>	<b>+2%</b>	£488.3m
Operating profit	<b>£73.5m</b>	<b>+6%</b>	£69.6m
Operating margin	<b>14.8%</b>	<b>+50bps</b>	14.3%
Diluted EPS	<b>19.4p</b>	<b>+3%</b>	18.9p
Cash conversion	<b>114%</b>	<b>+1,100bps</b>	103%
Dividend	<b>8.0p</b>	<b>+3%</b>	7.8p

## Summary:

- » Another record order book
- » Sales, profit and EPS growth
- » Operating margin improving
- » Strong cash conversion

# Group and segmental performance

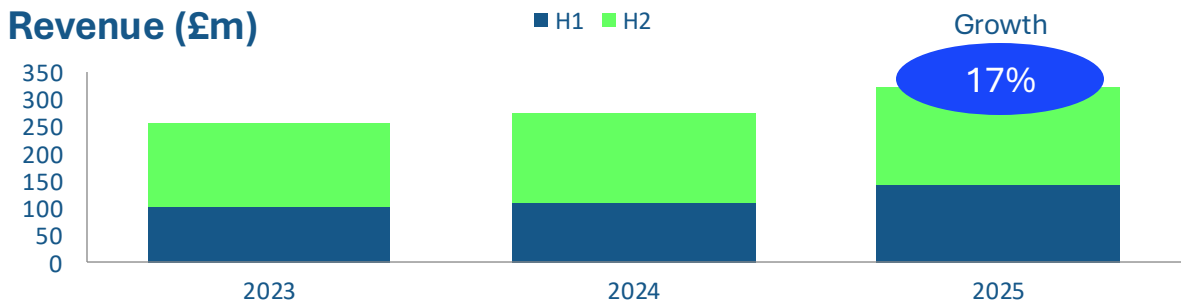
	Revenue (£m)	Revenue growth	Operating profit (£m)	Operating profit growth	Operating profit margin	Operating margin change
Countermeasures & Energetics	322.7	+17%	61.6	+37%	19.1%	280bps
Sensors & Information	174.8	(18)%	31.2	(25)%	17.8%	(170)bps
<b>Group</b>	<b>497.5</b>	<b>+2%</b>	<b>73.5</b>	<b>+6%</b>	<b>14.8%</b>	<b>50bps</b>

- » Countermeasures & Energetics – Strong performance in Energetics expansion projects delivering ahead of schedule and improving operational performance at our Tennessee Countermeasures business
- » Sensors & Information – impacted by delays in UK Government contracting and JBTDS LRIP in prior period
- » On a constant currency basis, Group revenue and operating profit up 3% and 7% respectively

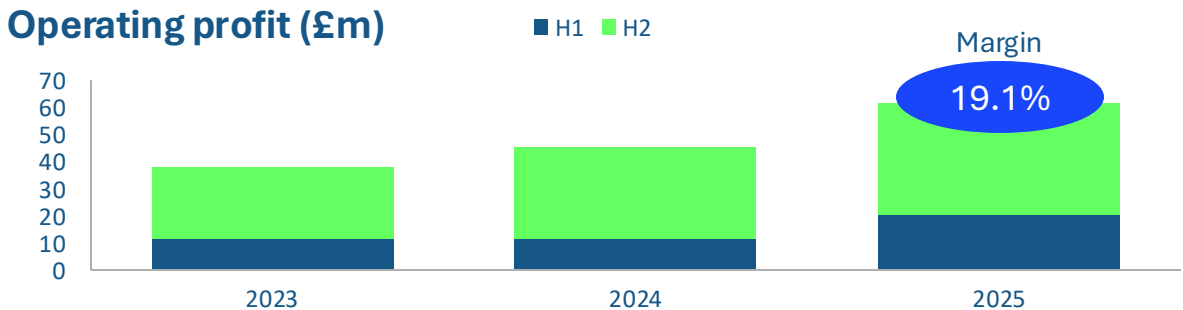


# Countermeasures & Energetics

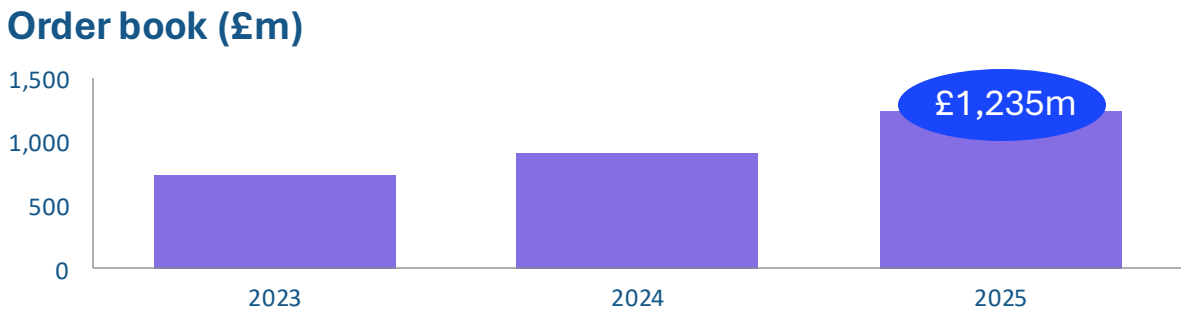
Revenue (£m)



Operating profit (£m)



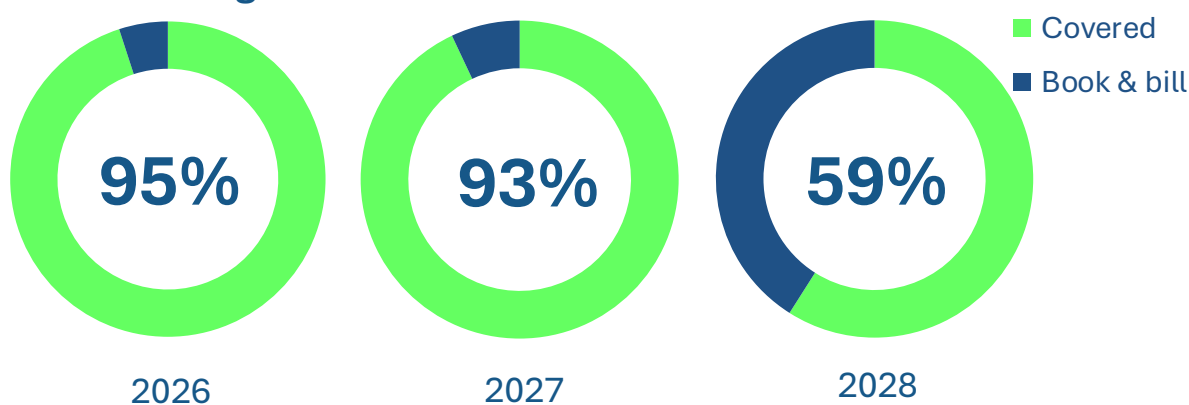
Order book (£m)



## Business update

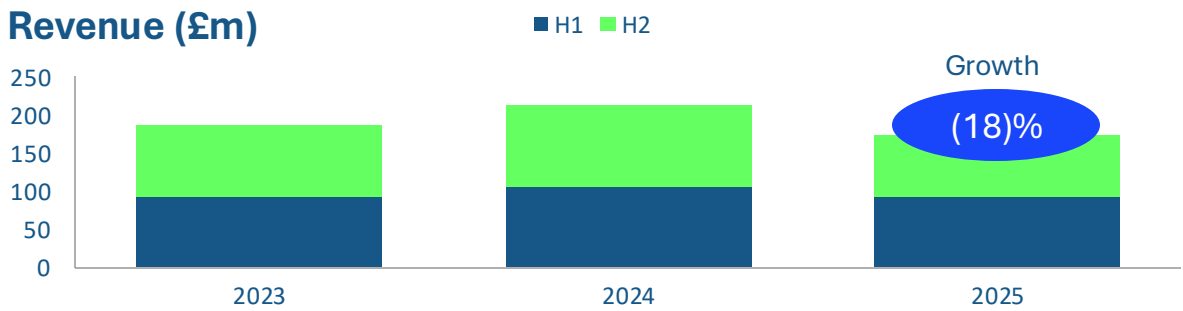
- » Record order intake and order book driven by Energetics
- » Energetics expansion projects delivering ahead of schedule, continued focus on operational excellence
- » Improving operational performance at Tennessee Countermeasures
- » Significant visibility beyond FY26 as customers move to long term framework agreements

## Order coverage

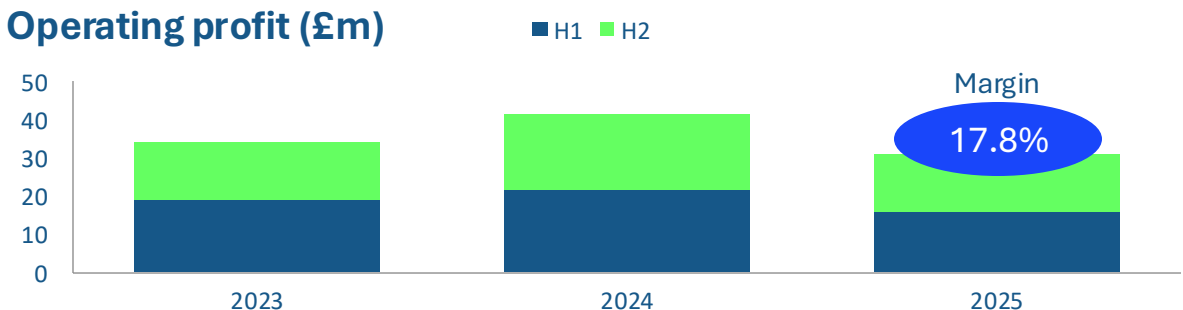


# Sensors & Information

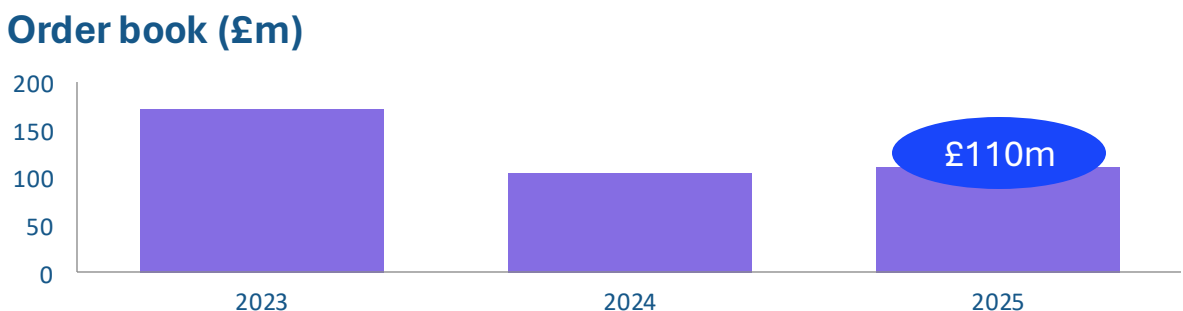
Revenue (£m)



Operating profit (£m)



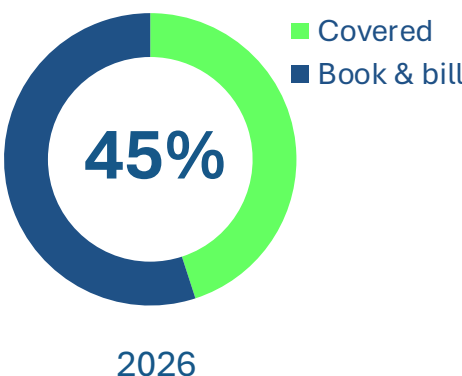
Order book (£m)



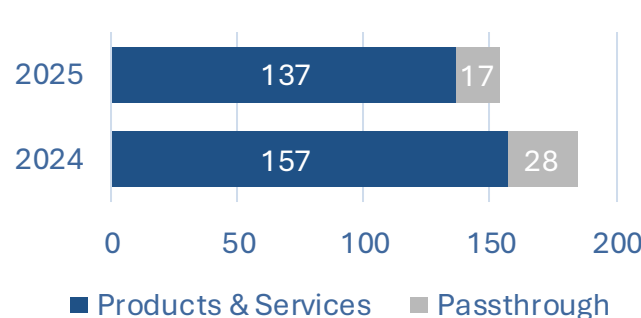
## Business update

- » Order intake up 19% to £179m, with 45% order cover for 2026 (2024: 48% 2025)
- » Roke order book growing, good execution in US Sensors
- » Revenue decreased by 18%, impacted by delays to UK Government spending
- » Early action held operating margin at 17.8%

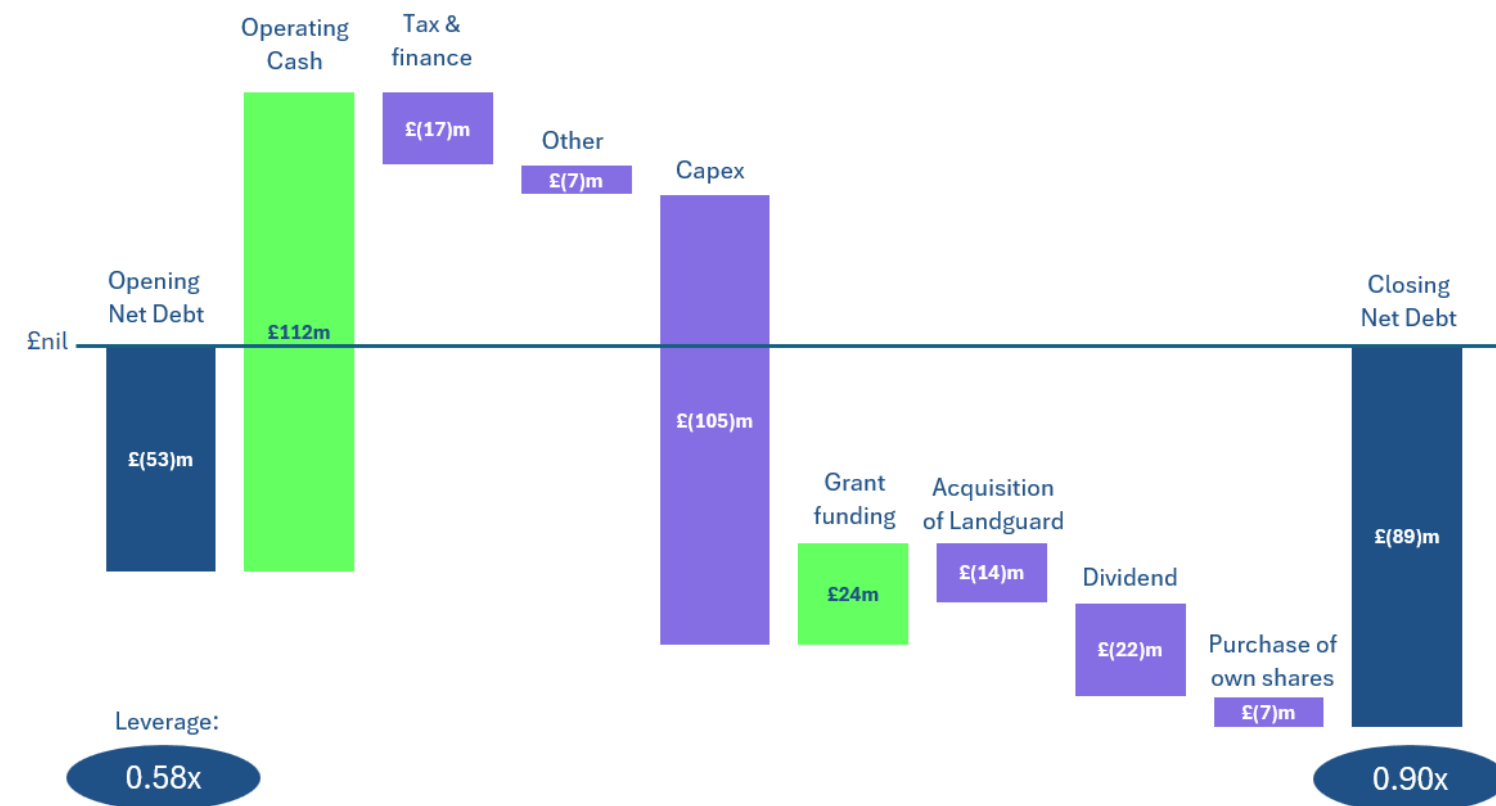
## Order coverage



## Breakdown of Roke revenue (£m)



# Group net debt bridge



- » Cash conversion of 114%, with continued focus on cash management
- » Planned £105m capex and intangible spend: £76m Energetics; £29m on automation and maintenance
- » £26m returned to shareholders in the period
- » 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"><li>» Investment in our Energetics businesses to capitalise on multi-decade demand</li><li>» Ongoing capex investment to increase automation, enhance safety, expand capacity and drive margin improvement</li></ul>	<ul style="list-style-type: none"><li>» Bolt-on acquisitions in our core and close adjacencies – in particular Roke and Space &amp; Missiles</li><li>» Disciplined approach; healthy pipeline</li></ul>	<ul style="list-style-type: none"><li>» Dividend cover of c.2.5 times underlying EPS</li></ul>	<ul style="list-style-type: none"><li>» Return to shareholders</li></ul>

Resilient balance sheet, targeting <1.5x leverage

# Guidance and financial outlook

## 2026 guidance

- » 76% order cover
- » 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
- » Higher gross capex of £100-110m\*, mainly resulting from increased costs in Norway
- » Cash conversion in the range 80-85% as we grow, returning to 90-100% in the medium term

## Potential near-term headwinds

- » Potential near-term budget timing disruption in the UK and US
- » Foreign exchange – volatility of US\$/AU\$/NOK to GBP

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

## Innovation showcase

# CORTEXA Guardian

- » Counter threats posed by drones
- » Rapid to deploy and fully autonomous, CORTEXA can detect, track and identify multiple targets at extremely fast speeds
- » Customisable with your choice of sensors; compatible with a range of effectors
- » Underpinned by Roke's AI powered automated threat detection software, assisting operators to focus on the highest threats
- » Suitable for both civil and military applications

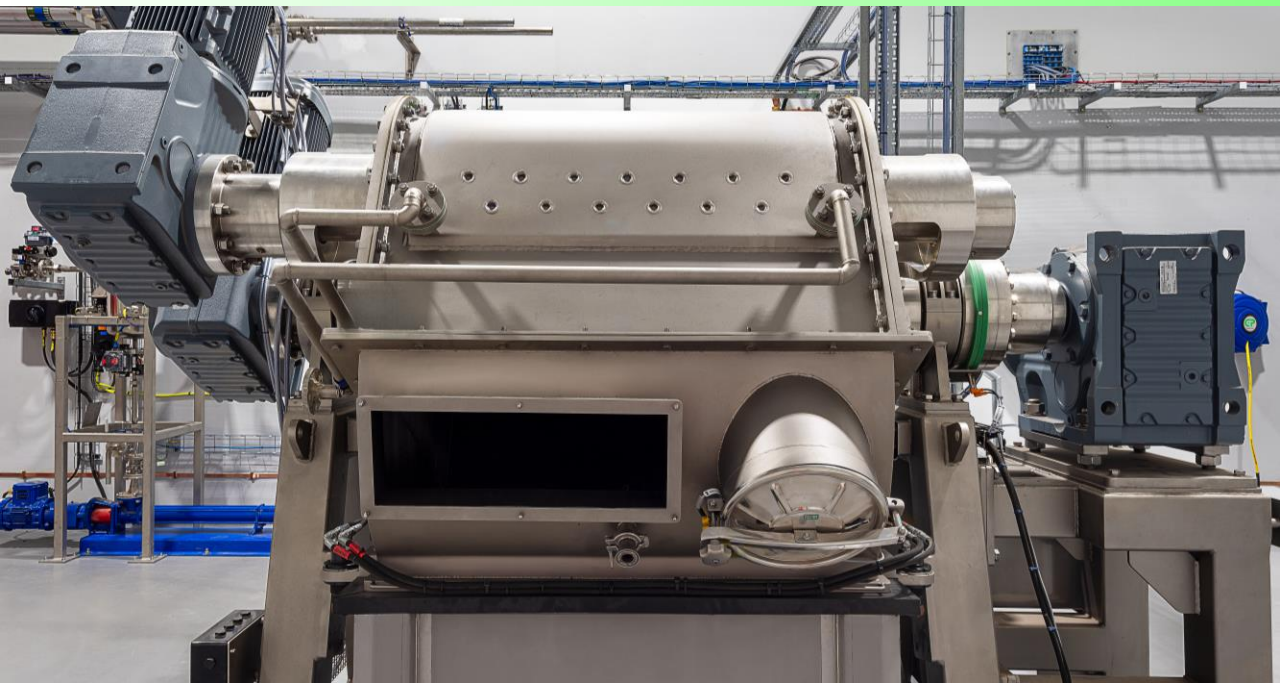


We spend over £100m a year on R&D, c.80% customer funded

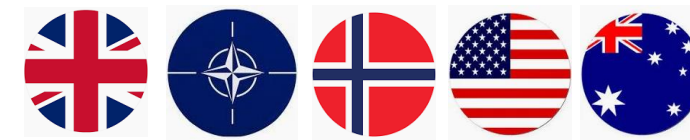




Michael Ord – Group Chief Executive



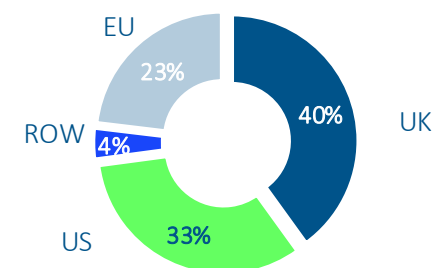
# Market update



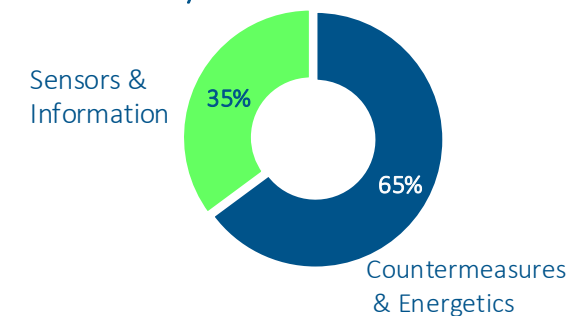
## Evolving defence and security landscape

- » Persistent traditional and hybrid conflict, and a heightened global threat environment
- » Rapid technological advances are reshaping defence capabilities
- » Growing emphasis on national sovereignty and industrial base capacity and resilience
- » Strategic competition, defending the US homeland, force modernisation and rebalancing allies' burden sharing – main priorities of the Trump administration
- » Rising NATO and Non-NATO Defence spending - collective NATO goal of 3.5% of GDP by 2035

2025 Revenue by Geography



2025 Revenue by Sector



**Rising global instability driving increased market opportunity**

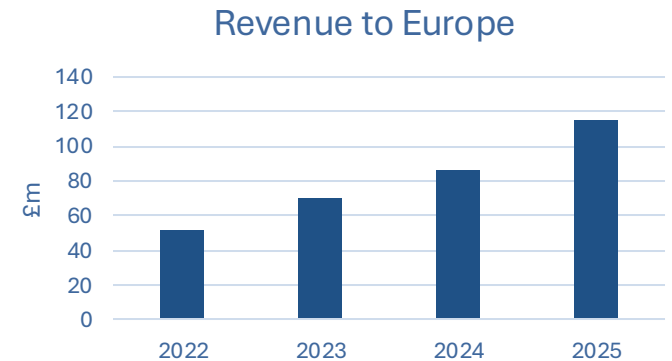
# Well placed to benefit from growing budgets in the UK and Europe

## UK

- » Defence budget rising to 2.5% GDP by 2027, and 3% in the next Parliament
- » Strategic priorities:
  - » Underpinning themes – security at home, strength abroad and sovereign capabilities
  - » Focus on domestic production and resilience with Government committed to partnering with industry to drive growth and national prosperity
  - » Major UK investment in munitions and energetics capabilities

## Europe

- » Structural shift in defence spending across Europe: €326 billion in 2024 and a further €100 billion by 2027
- » European defence priorities focused on replenishing stockpiles and closing critical capability gaps through joint procurements, industrial partnerships and cooperation with allies
  - » Strong focus on energetic capabilities across Nordic countries
  - » EW and counter drone capabilities of Roke increasingly relevant
- » Government investment to enhance readiness and the European defence industrial base



**Rising international tensions stimulating market demand**



# Solid progress against our strategic priorities

## Grow

Invest in people, technology, and increased capacity to drive growth

- » Energetics expansion programmes delivering ahead of schedule
- » Benefits of operational excellence and improved pricing continue to be seen
- » Early action to mitigate impact of softness in UK Government spending
- » Order book growth and long-term partnering agreements provide strong visibility

## Accelerate

Accelerate growth with bolt-on acquisitions

- » Completed the acquisition of Landguard
- » Healthy pipeline of further opportunities, both Roke and Space & Missiles

## Protect

Strengthen and protect our world-leading positions through increased modernisation, automation and R&D investment in next generation products and services

- » Significant reduction in recordable injury rate and continued progress towards our ambition of zero harm
- » Number of highest cleared Roke employees increased in the year, IT infrastructure modernised
- » Roke launched a number of new products in the year, including DECEIVE and CORTEXA

**Building a resilient, higher quality and growing business**

# Energetics expansion projects continue at pace



**Chicago**    £10m investment  
+£10m incremental revenue

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



**Scotland**    £45m investment  
+£30m incremental revenue

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



**Norway**    £90m net investment (£90m grants)  
+£60m incremental revenue

- Phase 1 – capex in line with budget, delivering ahead of schedule
- Phase 2 – well progressed, but cost now expected to be higher
- Strong returns
- Further opportunity in Norway, Germany, UK

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

# Roke performing well in challenging markets

## National Security provides a solid underpin to the business

- » Positive messaging from Government but order placement continues to lag; no evidence of Roke programmes either being lost or cancelled
- » Over £65m of programme renewals in the year
- » Recovery in growth expected in H2 2026

## Significant opportunity to grow Defence and Product revenues

- » Increasingly export driven, so reducing reliance on UK
- » Notable EW sales to Latvia, Sweden and Egypt in 2025; more to come in 2026
- » New products launched in the year, including DECEIVE EW attack and CORTEXA counter-drone

## Roke well positioned to capitalise on expected upturn

- » Qualified sales pipeline of more than £900m



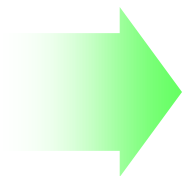
Roke on track to grow 2028 revenue to >£250m



# Outlook

## 2026: In-line with market expectations

- » Record order book with **76% of 2026 revenue covered** by the order book
- » Board's expectations for **2026** operating performance remain **unchanged**, with increased finance expense



## Longer-term outlook increasingly robust

- » **Strong growth** expected 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 **optionality** for further **organic** and **inorganic growth** – strong pipeline of bolt-on opportunities
- » **On track** to **double** annual revenue to **c.£1 bn** by 2030

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

# Appendices



# Investing in sustainable growth and resilient performance

## Our strategic imperatives:

**Grow** – Invest in people, technology, and increased capacity to drive growth

- Attractive long term profitable growth underpinned by fundamental rearmament upcycle that is expected to continue for many years
- Portfolio exposed to a number of structural tailwinds in the defence and national security sectors
- Operational excellence evidenced by strong margins and peer leading through-the-cycle cash flow conversion

**Accelerate** – organic growth through capacity expansion supplemented by bolt-on M&A

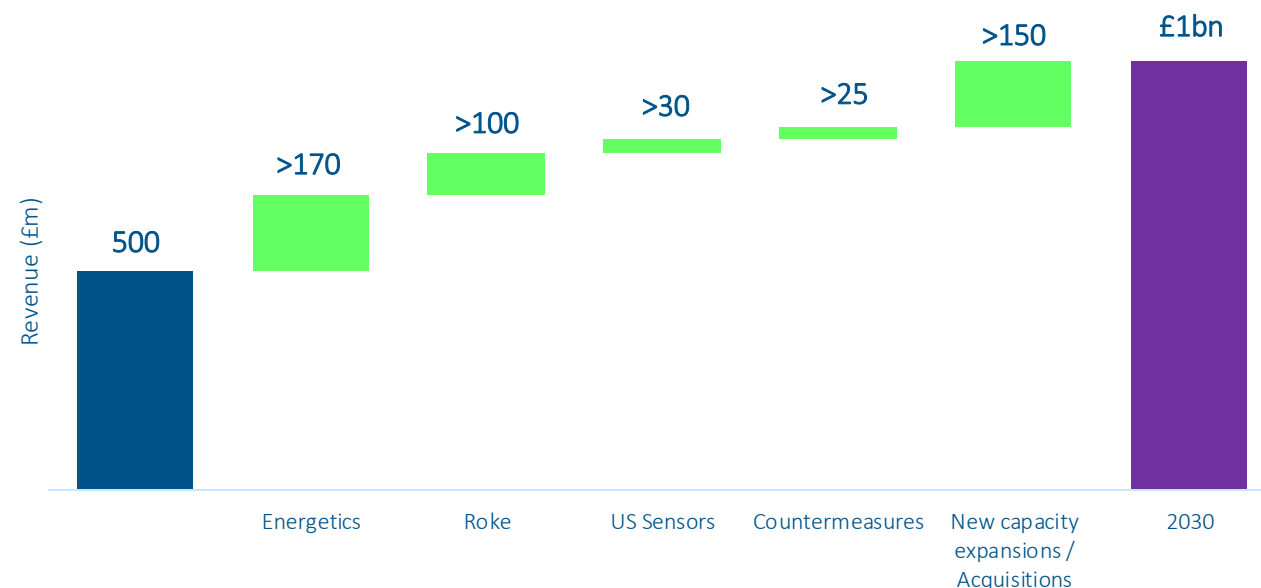
- Capacity expansion – often supported by government funding, in areas we see significant and sustained demand
- Bolt-on M&A – differentiated approach to strengthen capabilities, fill technology gaps and maximise synergies

**Protect** – strengthen and protect our world-leading positions through increased modernisation, automation and R&D investment in next generation products and services

- Preferred supplier in niche markets with high barriers to entry - >50% sole source and market leading positions, often having to be qualified on a particular platform
- Long heritage and deep expertise in high hazard manufacturing – licenced sites, highly automated, well invested
- >£100m spent each year on innovation, 80% customer funded

# £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



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











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



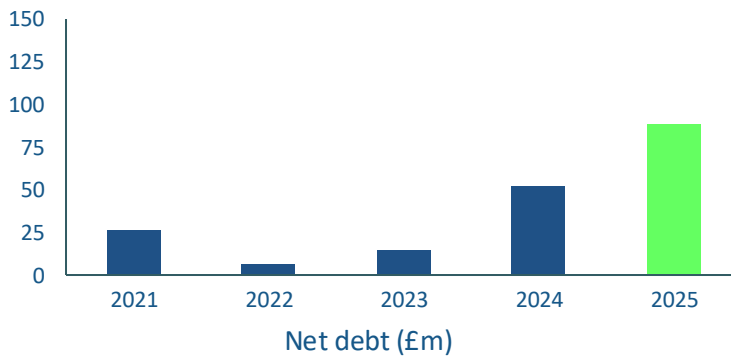
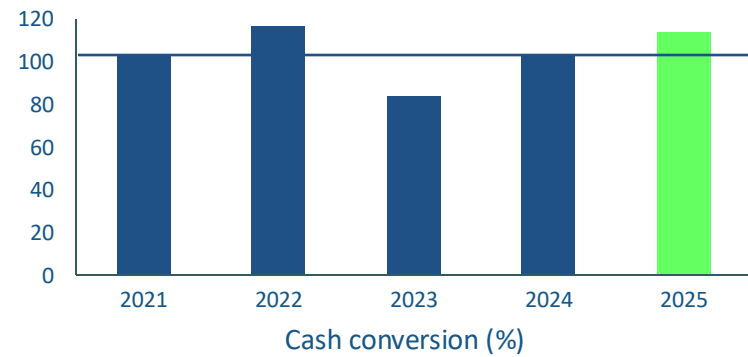
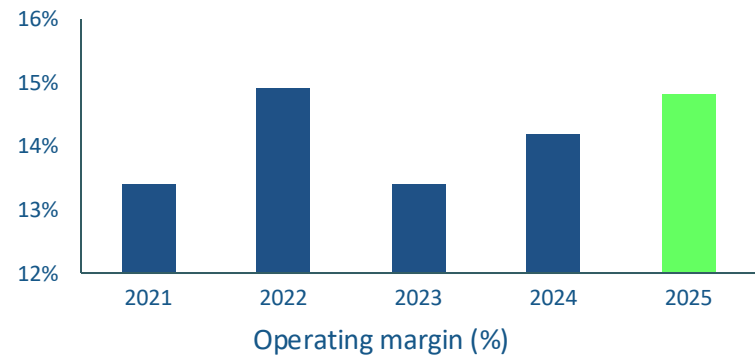
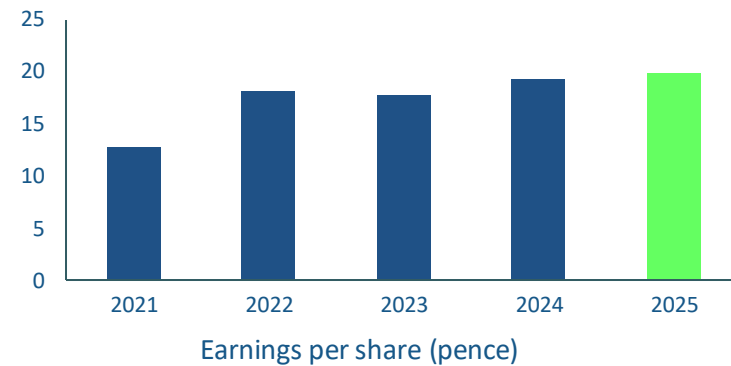
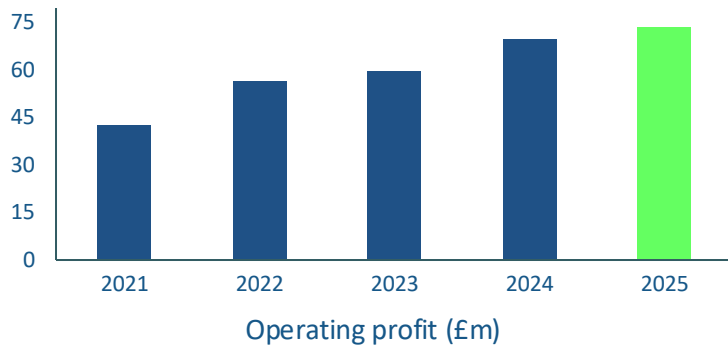
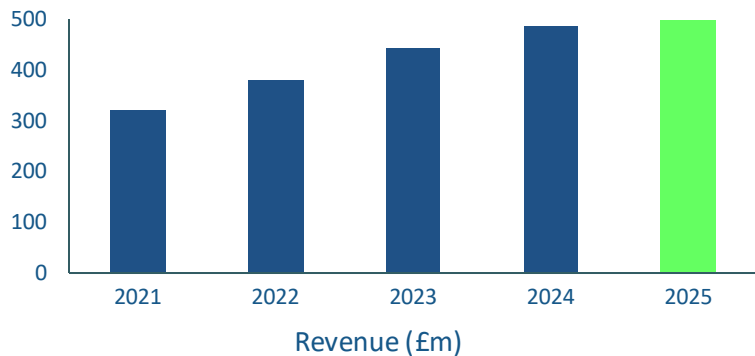
# Medium term financial objectives and assumptions

<b>Revenue</b>	<ul style="list-style-type: none"> <li>» Group – targeting low double-digit % growth as Roke returns to growth and new capacity comes online</li> <li>» S&amp;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</li> <li>» C&amp;E – targeting low single digit % growth in Countermeasures with a step change in growth in Energetics as additional capacity is commissioned</li> </ul>
<b>Operating margins</b>	<ul style="list-style-type: none"> <li>» Group – targeting mid teen return on sales % in the medium term</li> <li>» S&amp;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</li> <li>» C&amp;E – targeting high teen return on sales % in the medium term as higher margin Energetics growth becomes a greater proportion of the segment</li> </ul>
<b>Interest</b>	<ul style="list-style-type: none"> <li>» 2026 expected to be ~£10m as borrowings drive increased finance costs</li> </ul>
<b>Capex</b>	<ul style="list-style-type: none"> <li>» £80-90m for 2026, £20-30m for 2027 and £10-20m for 2028 as the investment in increased Energetics capacity is completed, in addition to automation and maintenance capex of £30-40m per annum</li> <li>» Offset by grant funding of £90m, with c. £15m expected to be received in 2026, 2027 and 2028</li> </ul>
<b>FX</b>	<ul style="list-style-type: none"> <li>» US\$1.30: £1, AU\$1.95 : £1 and NOK 14.00 : £1</li> <li>» If GBP was 10% weaker against USD, AUD and NOK this would increase revenue by £22.7m and increase operating profit by circa £3.9m</li> </ul>
<b>Tax</b>	<ul style="list-style-type: none"> <li>» 23% in 2026 and then rising towards mid 20's due to increased weighting of UK profits</li> </ul>
<b>Share capital</b>	<ul style="list-style-type: none"> <li>» Based on the position at 2025, the Group would expect the number of shares used in EPS calculations for 2026 to be 269.2m (basic) and 274.1m (diluted), and for 2027 to be 263.3m (basic) and 268.2m (diluted)</li> <li>» In 2026 circa £9m to be spent acquiring shares used for the vesting of LTIP awards, bought and held in the ESOP trust</li> </ul>

# 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							●	●		●

# Group performance 2021 – 2025



# ESG

- » **Maintained AAA ESG rating with MSCI**
- » **Maintained good progress in line with our HSE Zero Harm strategy**
  - » Recordable injuries decreased to 0.48 (2024: 0.69) and remains below our annual limit of 0.9
  - » Zero injuries in connection with or arising from energetic events
  - » Continue to consolidate within a calculative safety culture with improved systems providing data informed discussions and decision making at all levels
- » **Ensuring we meet our ESG near and longer-term targets**
  - » Independently assured scope 1 and scope 2 GHG emissions reduced by 10.6% to 13,554 CO2e tonnes on higher revenue
  - » New environmental data platform now in place
- » **Continuing to build a diverse, fair and inclusive culture which supports collaboration across the business**



Committed to building a strong, inclusive and sustainable company



# Adjusting items

	2025	Growth	2024
	£m		£m
Statutory operating profit	73.4	30%	56.6
Acquired intangibles amortisation	1.7		2.0
Acquisition related expenses	3.0		3.4
Mark to market gain on FX forward contracts	(7.3)		2.0
Pension Buy-in / Buy-out	0.4		7.5
Restructuring	2.5		-
Non-underlying provision movement	(0.2)		(3.1)
Change of senior management positions	-		1.2
Adjusted operating profit	73.5	6%	69.6
Finance costs	(5.7)		(4.8)
Tax charge on adjusted profit	(14.2)		(12.0)
Adjusted profit after tax	53.6	2%	52.8
Adjusted EPS	19.4p	3%	18.9p

# Impact of foreign exchange translation

	Constant currency movement	2025 restated at 2024 rates £m	2024 £m	2025 £m
Revenue	+3%	502.2	488.3	497.5
EBITDA	+9%	99.7	91.5	98.6
Operating profit	+7%	74.3	69.6	73.5
Order book	+29%	1,318	1,022	1,345

## Sensitivities

- » 40% of revenue is denominated in USD, AUD and NOK in 2025 (2024: 39%)
- » If GBP was 10% weaker against USD, AUD and NOK this would increase revenue by £22.8m and increase operating profit by circa £3.9m
- » Future guidance based on US\$1.30 / A\$1.95 / NOK 14.00

## Translation

		Average rate		Closing rate	
	% of revenue	2025	2024	2025	2024
USD	26%	1.31	1.27	1.32	1.29
AUD	0%	2.03	1.95	2.01	1.96
NOK	40%	13.75	13.69	13.29	14.18

# Balance sheet

- » Net debt of £89.0m and net debt: EBITDA ratio of 0.90x
- » Over the 2 year period, 108% of EBITDA has been converted to operating cash funding reinvestment in capex
- » Working capital as a % of revenue has remained consistent at 15% (2024: 18%)
- » Total facilities of £275m, of which £135m were undrawn at 31 October 2025, providing good, immediately available liquidity

£m	2025	2024
Goodwill & intangibles	143.3	108.5
Development costs	20.2	18.6
Property, plant & equipment	354.7	287.8
Trade working capital	73.7	88.3
Pension (liabilities)/surplus	(0.1)	0.1
Other	(120.8)	(94.2)
	471.0	409.1
Net debt	(89.0)	(52.8)
Net assets	382.0	356.3

# Alloy results

## Comparative Representation

	Statutory 2024	ASC Adjusted	Represented 2024
Order book	£1,038m	£(16)m	<b>£1,022m</b>
Revenue	£510.4m	£(22.1)m	<b>£488.3m</b>
Operating profit	£71.1m	£(1.5)m	<b>£69.6m</b>
Operating margin	13.9%	+40bps	<b>14.3%</b>
Diluted EPS	19.3p	(0.4)p	<b>18.9p</b>
Cash conversion	102%	+100bps	<b>103%</b>

## Financial Performance

	2025	2024	2023
Revenue	£19.2m	£22.1m	£27.3m
Operating profit	£(2.4)m	£1.5m	£9.7m



# Market consensus

- » The Group is aware of six analysts currently 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 are Corporate Brokers to Chemring

	2025	2026	2027
Revenue (£m)	495	545	623
Underlying operating profit (£m)	72.5	81.4	98.5
Underlying earnings per share (pence)	18.8	21.0	25.8
Net debt (£m)	99	123	96

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

# Glossary

Acronym	Meaning
<b>AI</b>	Artificial Intelligence
<b>CCM UK</b>	Chemring Countermeasures UK
<b>CCM US</b>	Chemring Countermeasures USA
<b>CED</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>DIS</b>	Defence Industrial 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>OSINT</b>	Open Source Intelligence
<b>SDR</b>	Strategic Defence Review
<b>S&amp;I</b>	Sensors & Information
<b>UK MOD</b>	United Kingdom Ministry of Defence
<b>US DoD</b>	United States Department of Defense
<b>20XX</b>	Reference to fiscal year 20XX

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