



CHEMRING GROUP PLC

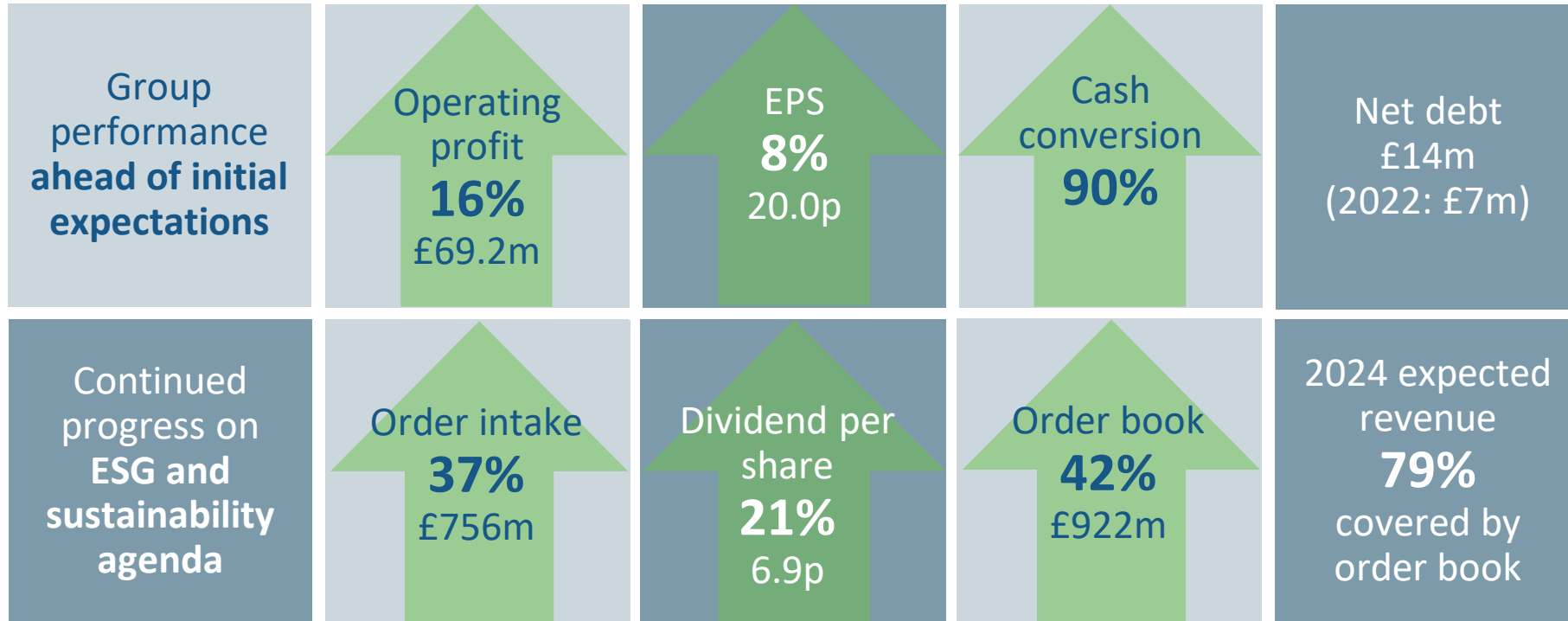
RESULTS FOR THE YEAR ENDED 31 OCTOBER 2023

**STRONG PERFORMANCE ACROSS THE GROUP, RECORD ORDER INTAKE AND ORDER BOOK,
INCREASING DEMAND ACROSS GLOBAL DEFENCE MARKET**

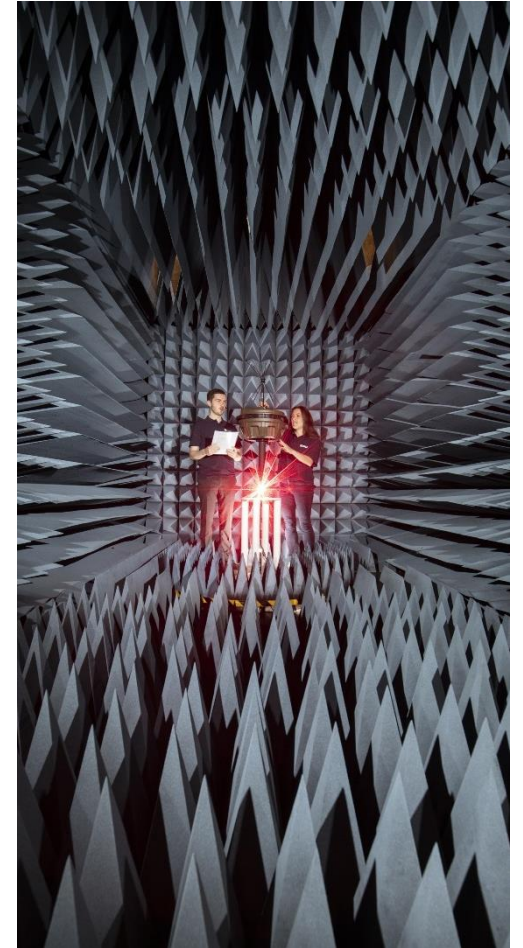


MICHAEL ORD
GROUP CHIEF EXECUTIVE

2023 OVERVIEW – DELIVERING SUSTAINABLE GROWTH



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



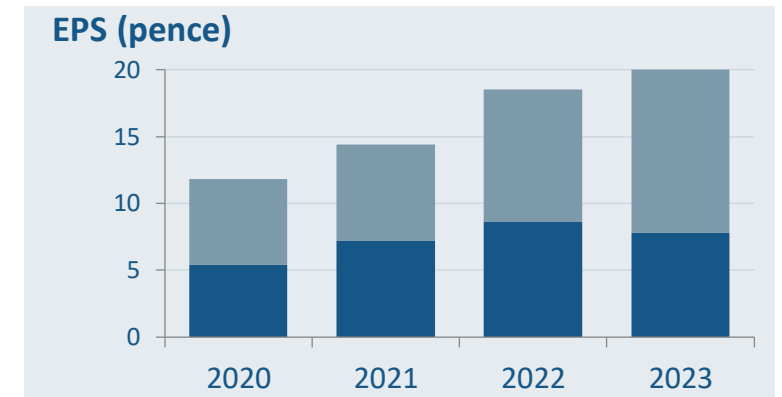
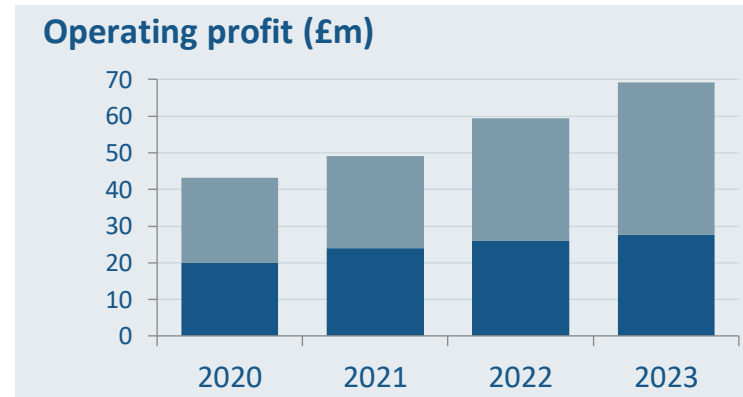
Numbers set out on this slide are continuing underlying measures as reported for the year ended 31 October 2023



ANDREW LEWIS
CHIEF FINANCIAL OFFICER

GROUP PERFORMANCE

■ H1 ■ H2



OPERATIONAL HIGHLIGHTS

- Order intake up 37% to £756m with strong performance across both segments
- Order intake for Countermeasures & Energetics was £541m, up 52%, driven by strong demand at our niche Energetics businesses
- Strong performance at Roke, with order intake of £183m, up 9%, and revenue exceeding £160m whilst maintaining strong margins
- JBTDS LRIP awarded in Q4 FY23
- Closing order book of £922m, £403m expected to be delivered in 2024
- 2024 expected revenue approximately 79% covered by order book

FINANCIAL HIGHLIGHTS

- Revenue up 18% to £473m (2022: £401m)
- Operating profit growth of 16% to £69.2m (2022: £59.4m)
- Operating margin stable at 14.6% (2022: 14.8%)
- Diluted EPS increased 8% to 20.0p (2022: 18.5p)
- Operating cash conversion of 90% of EBITDA (2022: 110%) and 101% on a rolling 36-month basis
- Net debt stable at £14m (2022: £7m), after £9m of share buyback
- Full year dividend up 21% to 6.9p per share (2022: 5.7p)

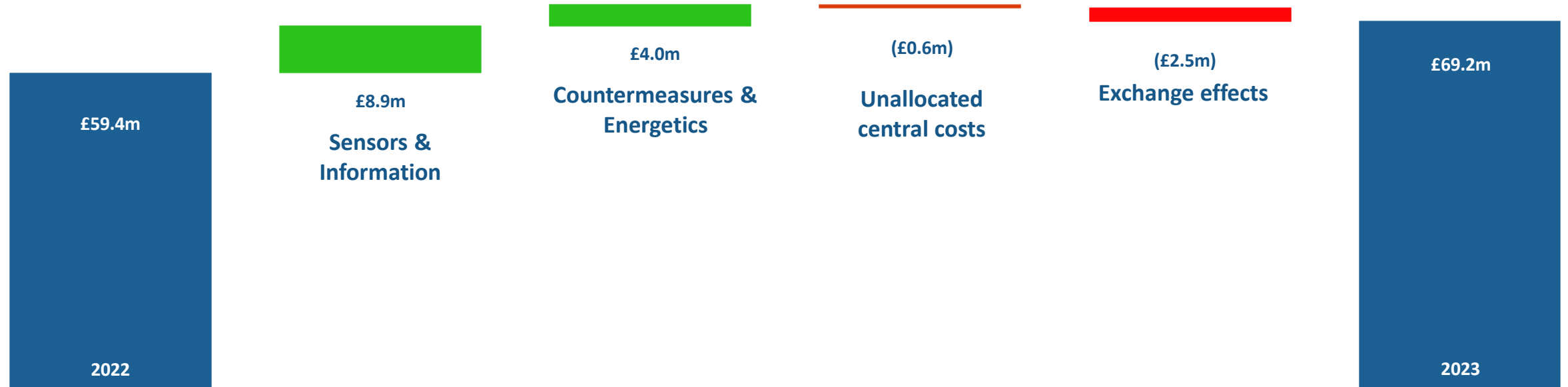
Throughout this presentation, prior year comparatives have been re-presented to reflect continuing operations only. References to operating profit, operating margin and EPS are to continuing underlying measures

GROUP REVENUE BRIDGE



- In Sensors & Information, strong performance at Roke and growth at our US Sensors business with the EMBD Program of Record having a full year of revenue at full rate production
- Countermeasures & Energetics saw growth in the niche Energetics businesses

GROUP OPERATING PROFIT BRIDGE



- Sensors & Information saw strong growth in the Roke products and services business and US Sensors EMBD Program of Record
- Countermeasures & Energetics benefited from a greater mix of higher margin Energetics revenue which drove an increase in operating margin of 30bps to 17.7%

IMPACT OF FOREIGN EXCHANGE TRANSLATION

	Constant currency movement	2023 Restated at 2022 rates £m	2022 £m	2023 £m
Revenue	↑ 19%	477.7	401.0	472.6
EBITDA	↑ 18%	91.2	77.3	88.5
Operating profit	↑ 21%	71.7	59.4	69.2
Order book	↑ 48%	964.5	650.9	921.6

TRANSLATION					SENSITIVITIES	
	% of Revenue	Average rate		Closing rate		
		FY23	FY22	FY23	FY22	
USD	28%	1.24	1.23	1.21	1.15	<ul style="list-style-type: none"> If GBP was 10% weaker against USD, AUD and NOK this would increase revenue by £22m and increase operating profit by £3m Future guidance based on US\$1.25 / A\$1.90 /NOK 13
AUD	7%	1.91	1.75	1.92	1.80	
NOK	9%	13.10	11.82	13.56	11.97	

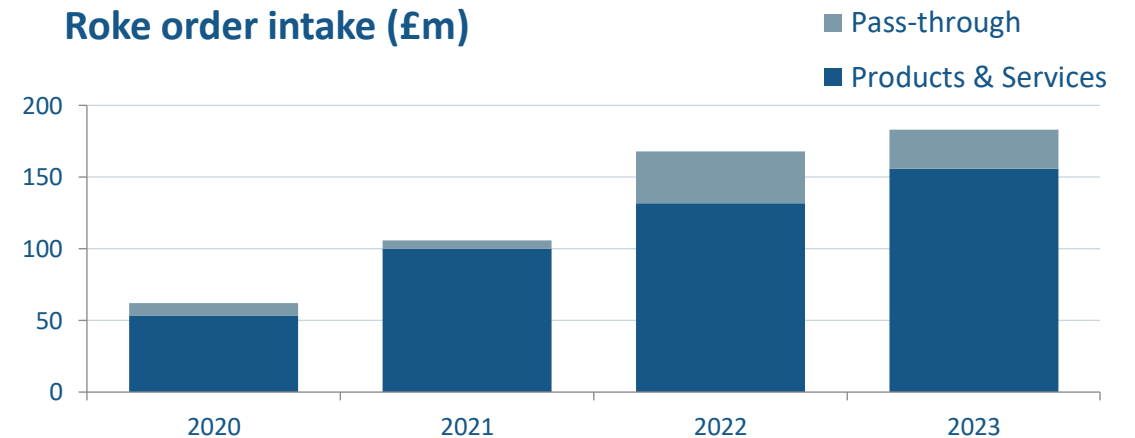
SENSORS & INFORMATION

		2023 £m	2022 £m
Revenue	↑ 55%	187.0	120.5
EBITDA	↑ 38%	38.5	28.0
Operating profit	↑ 35%	34.2	25.4
Operating margin	↓ 280bps	18.3%	21.1%
Order intake	↑ 10%	215.4	195.2
Order book	↑ 11%	170.6	153.7

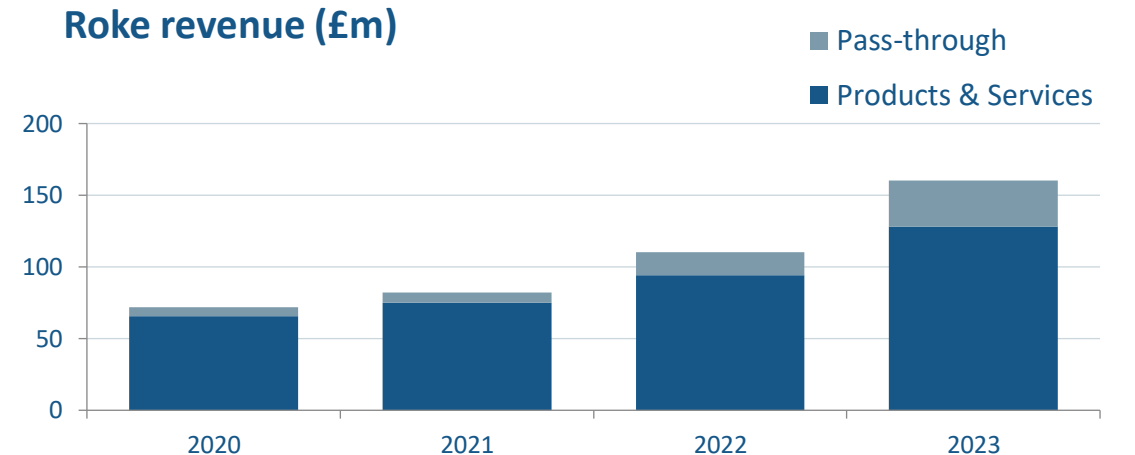
- Roke's market continues to be strong, with record order intake and revenue with strong margins maintained
- Continued investment in Roke Academy and Roke USA to support future growth opportunities
- EMBD PoR progressing as planned with production completed for the first two delivery orders and the third \$15m order received under the \$99m IDIQ
- JBTDS LRIP award received in Q4 2023 for \$15m
- Closing order book of £171m

Prior year comparatives have been re-presented to reflect continuing operations only. References to EBITDA, operating profit and operating margin are to continuing underlying measures

Roke order intake (£m)



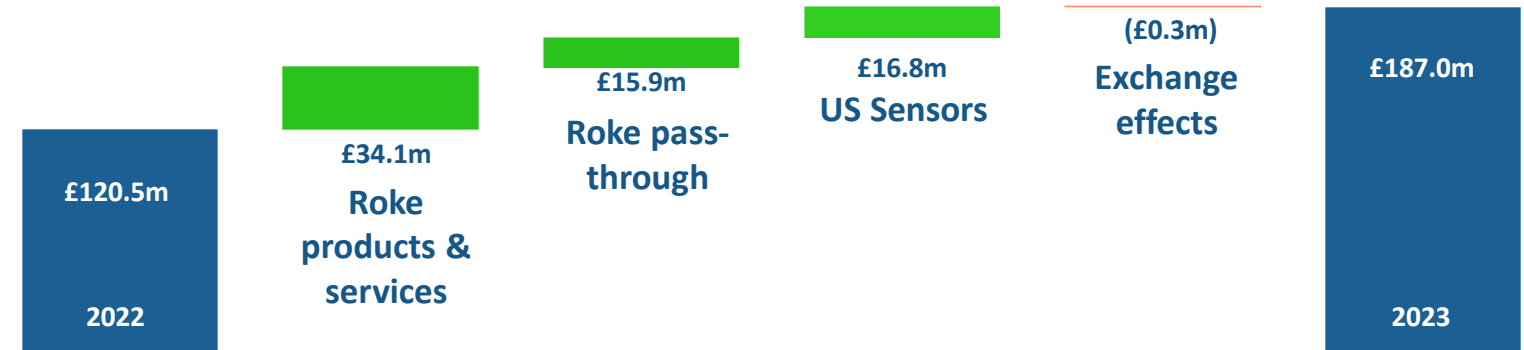
Roke revenue (£m)



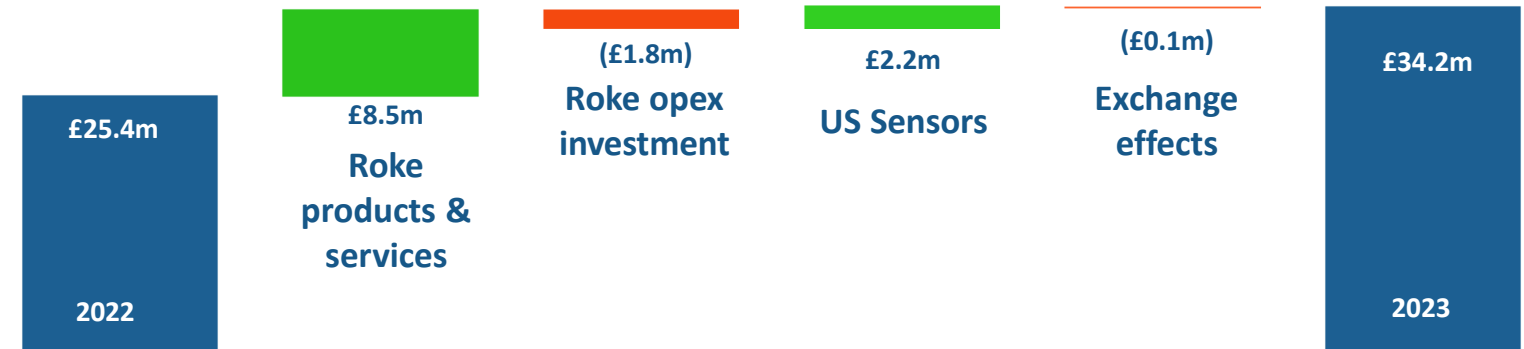
SENSORS & INFORMATION BRIDGES

- Roke revenue for FY23 included £16m of incremental “pass-through” revenue which dilutes the margin in S&I, with a total of £32m for FY23
- Adjusting for the pass-through revenue, the S&I margin would have been 22%
- Going forward as Roke primes more contracts we expect pass-through revenue to be maintained at circa 20% of Roke revenue

REVENUE



OPERATING PROFIT



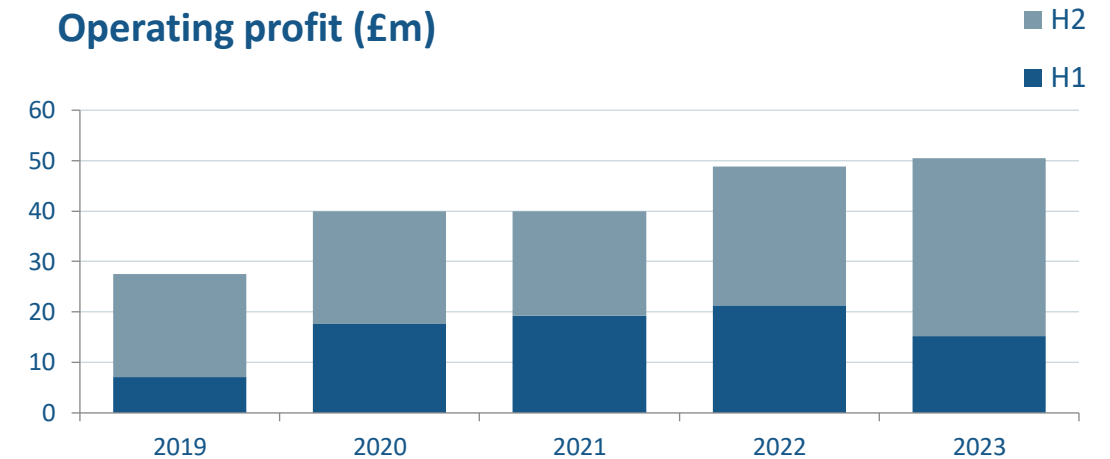
COUNTERMEASURES & ENERGETICS

		2023 £m	2022 £m
Revenue	↑ 2%	285.6	280.5
EBITDA	↑ 2%	65.5	64.2
Operating profit	↑ 3%	50.5	48.9
Operating margin	↑ 30bps	17.7%	17.4%
Order intake	↑ 52%	541.0	356.3
Order book	↑ 51%	751.0	497.2

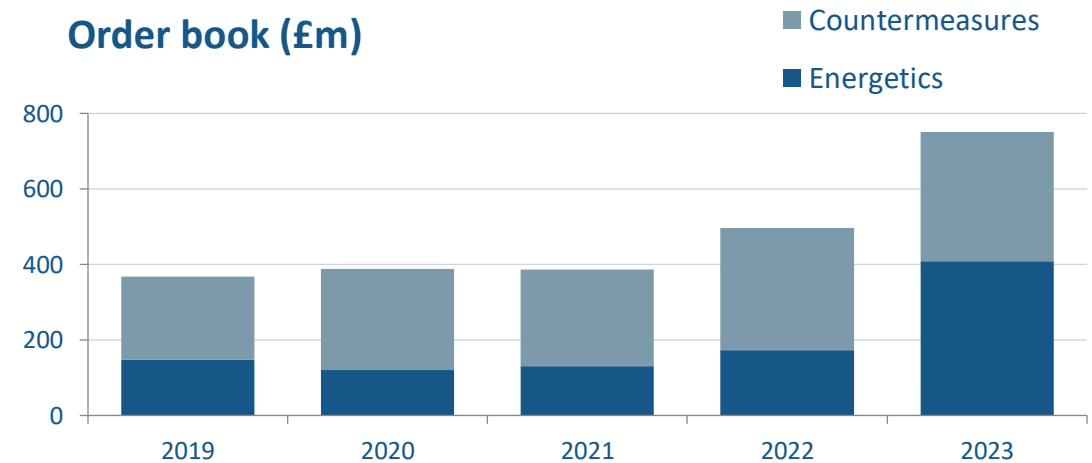
- Order intake up 52% to £541m driven by strong market conditions in niche Energetics
- Favourable market conditions for our niche Energetics businesses underpin the Group's strategic decision to approve a three year £120m capex investment programme to increase capacity by £85m of additional revenue per annum
- Closing order book of £751m

References to EBITDA, operating profit and operating margin are to continuing underlying measures

Operating profit (£m)



Order book (£m)



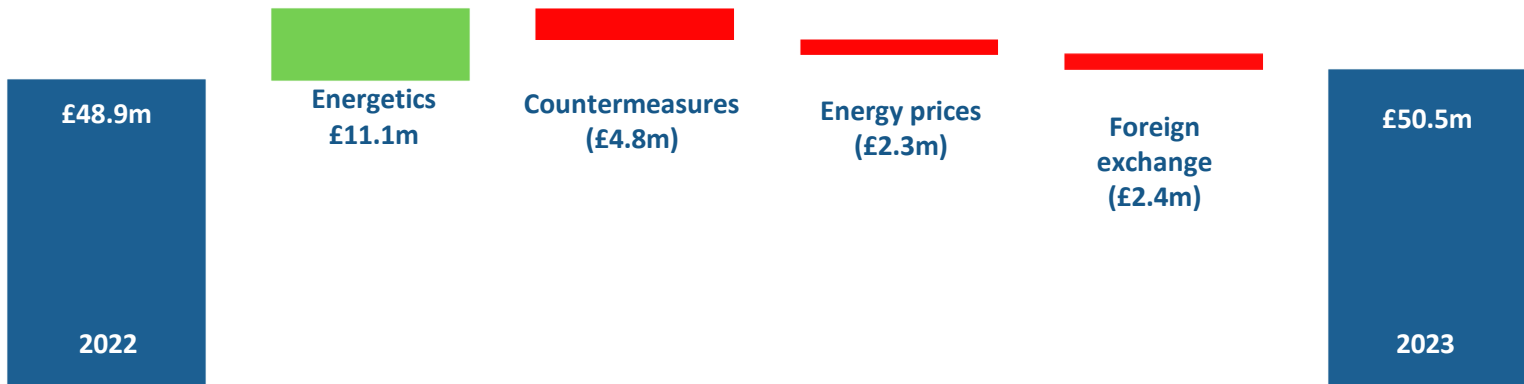
COUNTERMEASURES & ENERGETICS BRIDGES

- Energetics revenue grew by 26% driven by strong operational execution responding to market demand
- US countermeasures impacted by knock on effect of order delays in 2022 compounded by slower than planned ramp up of the new Tennessee facility coming online
- Full year effect of the increased energy prices and wage inflation from second half of 2022

REVENUE



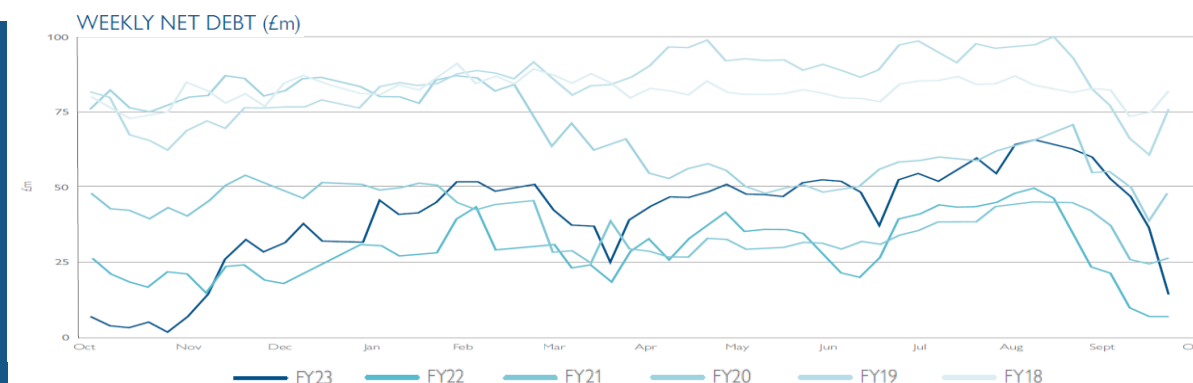
OPERATING PROFIT



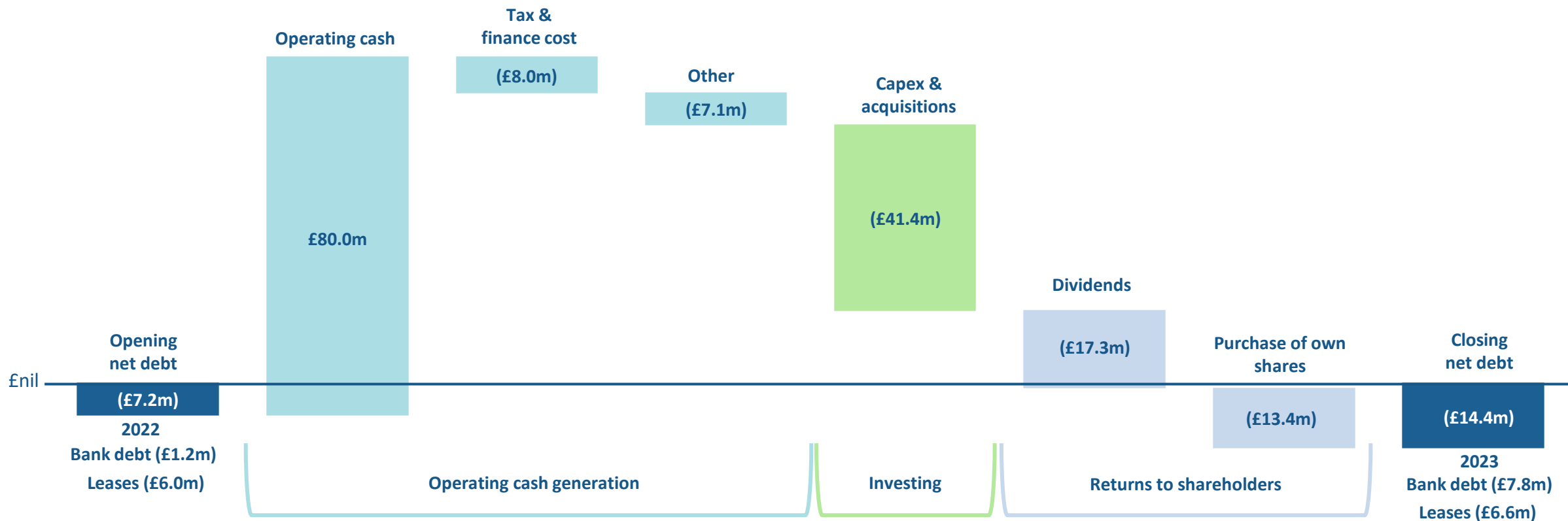
CASH FLOW

	2023 £m	2022 £m
Cash generated from continuing underlying operations	80.0	85.1
Cash impact of discontinued and non-underlying operations	(4.8)	3.9
Cash flows from operating activities	75.2	89.0
Tax paid	(9.3)	(8.5)
Acquisition of subsidiaries / proceeds on disposal of PPE	(7.2)	6.0
Capital expenditure	(34.2)	(34.5)
Free cash flow	24.5	52.0
Finance expense (including capitalised facility fees)	(1.0)	(1.3)
Own shares purchased and other movements	(13.4)	(16.9)
Dividends paid	(17.3)	(14.4)
Movement in net debt	(7.2)	19.4
Opening net debt	(7.2)	(26.6)
Closing net debt	(14.4)	(7.2)
	Net debt excluding IFRS16	(7.8)

- Strong operating cash conversion, 90% operating cash: EBITDA, showing continued focus on working capital and management of intra period net debt volatility
- Capex investment, with major programmes at Scottish and Norwegian C&E sites and Roke
- 2024 capex guide is now c£70m reducing to £60m in 2025 and £50m in 2026
- Net debt stable at £14.4m (2022: £7.2m), after £9m deployed into share buyback in Q4 FY23. Net debt: EBITDA was 0.2x

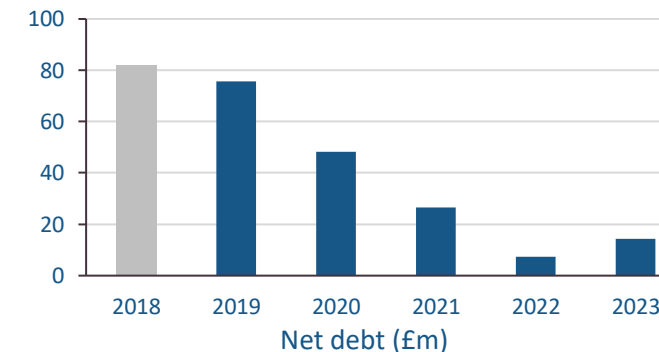
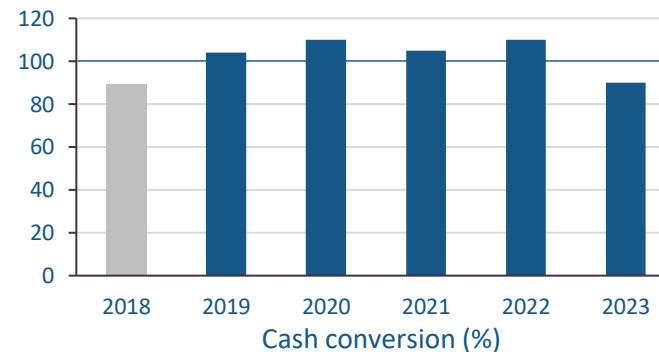
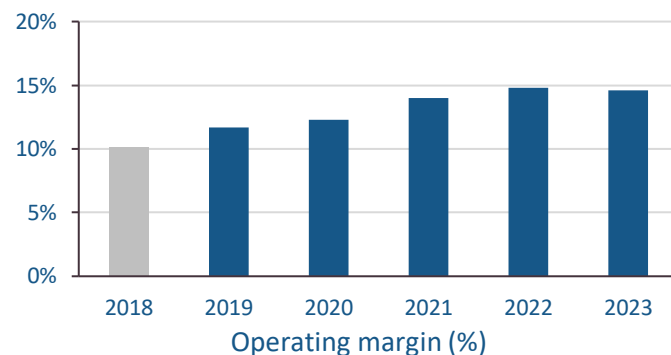
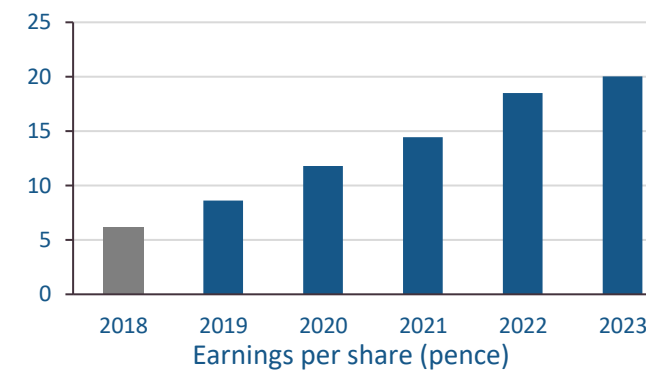
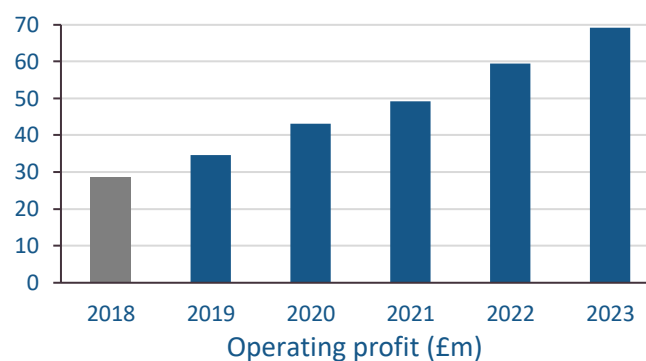
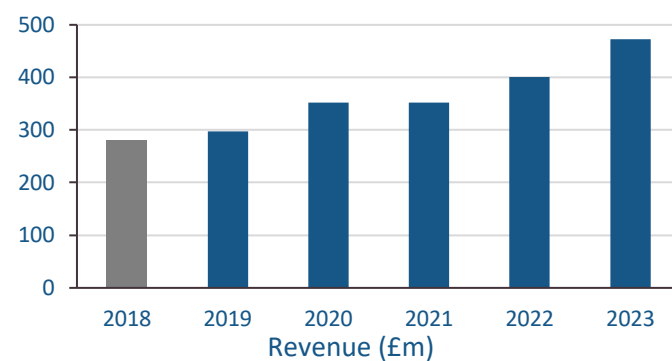


GROUP NET DEBT BRIDGE



- Net debt stable year on year after paying dividends of £17.3m and deploying £9.0m in the share buyback programme

IMPROVED GROUP PERFORMANCE CONTINUES



- Strong track record of improvement since 2018 continued in 2023
- Operating margin expansion – our medium-term objective of mid-teens achieved
- Strong cash conversion over the period – rolling 5-year average of 104%
- Investment in the infrastructure of the business with capex (£184m) greater than depreciation (£93m) over the last five years
- Debt largely eliminated over the period, whilst investing in capex and returning £73m to shareholders in dividends and share buyback
- Low leverage provides capacity for further investment

References to operating profit, operating margin, earnings per share and cash conversion are to continuing underlying measures

UK DEFINED BENEFIT PENSION SCHEME – BUY-IN/BUY-OUT

- Buy-in/buy-out transaction completed on 28 November 2023
- Removes future market and longevity risk from the Group
- At its peak, five years ago, the buy-out deficit was c.£50m; however, the investment strategy has delivered positive returns which have eliminated this without the need for cash contributions from the Group
- Initial cash payment of £1.6m was made by the Group on 28 November 2023
- A further payment of up to £3m, contingent upon member data transfer exercise, is payable over the next 12 – 24 months
- IAS 19 balance sheet surplus of £6m will now be derecognised



IMPROVING FUTURE VISIBILITY THROUGH A GROWING ORDER BOOK

2023 ORDER BOOK UP 42% TO £922m – £403m EXPECTED TO BE DELIVERED AS REVENUE IN 2024, GIVING 79% COVERAGE

SENSORS & INFORMATION



- Order intake of £215m (2022: £195m), up 10%
- Book to bill ratio of 115% (2022: 120%)
- Year end order book of £171m (2022: £154m)
- 2024 deliveries in order book of £122m, covering 61% of expected 2024 revenue (2022: 67%)

COUNTERMEASURES & ENERGETICS



- Order intake of £541m (2022: £356m), up 52%
- Book to bill ratio of 189% (2022: 127%)
- Year end order book of £751m (2022: £497m)
- 2024 deliveries in order book of £281m, covering 90% of expected 2024 revenue (2022: 96%)
- Remaining order book covers 71% of 2025 and 65% of 2026 expected revenue

THE ORDER BOOK'S IMPROVED QUALITY IS DRIVEN BY STRONG LONG-TERM CUSTOMER RELATIONSHIPS

Examples include:

- Continued strong order intake from Roke's National Security and Defence customers
- Order for our Scottish facility of £43m for the delivery of critical components used on the Next Generation Light Anti-Tank Weapon system
- Our Norwegian facility has received significant multi-year orders from prime contractors such as General Dynamics, Northrop Grumman & Nammo
- Our Chicago business has seen significant orders in the Space (ULA, SpaceX and Blue Origin) and Missiles (Lockheed Martin JASSM) area as customer demand increases



MICHAEL ORD
GROUP CHIEF EXECUTIVE

MARKET ENVIRONMENT



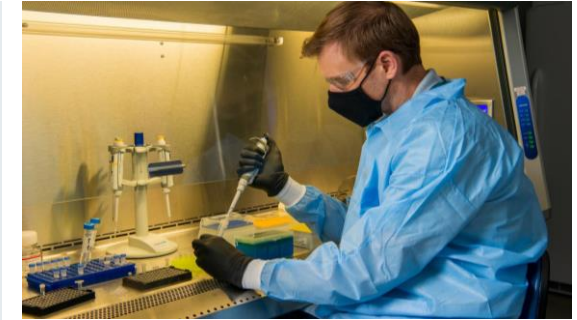
Multiple geopolitical crises

- Enduring Russia/Ukraine conflict in Eastern Europe
- Israel/Hamas conflict threatening Middle East stability

Asia-Pacific allies facing increased stability challenges

Robust defence budgets in UK, US and Europe

- Record-level US Budget driven by peer-level strategic competition with China
- ~20 NATO countries announced increases to defence spending
- Increased threat environment driving rapid defence modernisation



- ✓ Unprecedented demand for speciality energetic materials from our Norwegian business driven by inventory replenishment and immediate Ukrainian consumption requirements
- ✓ Significant demand growth for missile propellants from our Scotland business
- ✓ Substantial demand growth for US space launch and missile devices from our Chicago business
- ✓ Well supported budgets and growing demand across all Roke services and product lines

OUR STRATEGY IS ALIGNED TO CUSTOMER NEEDS

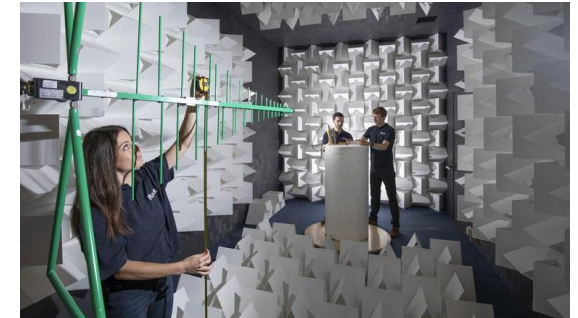
Deliver profitable and sustainable growth by operating as a manufacturing and technology company in markets where:

- We have differentiating technology
- Deep customer relationships are in place
- High barriers to entry have been created



Our key 2024 priorities:

- Invest in Energetics capacity to capture strong market demand
- Continue Roke investment to underpin technology leadership, and increase headcount, to address demand across all business areas
- Optimise Countermeasures delivery through modernisation and driving value as an annuity
- Rigorous focus on bolt-on acquisitions with Roke and US space and missiles as priority areas



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

GROWING DEMAND ACROSS THE ENERGETICS SECTOR

- **Increasing, sustained demand** across our Energetics businesses – **order intake up 161%**
- Governments are seeking to:
 - **replenish and enhance stockpiles** of missiles and munitions, and
 - **increase the resilience and capacity** of industrial supply chains
- Government and industry customers are looking for longer-term agreements to secure supply

Record order intake & order books, strong medium-term visibility and robust long-term outlook:

- **Norway** - facility at full capacity, with any excess absorbed by existing customer programmes – record order intake and order book
- **Chicago** - Record orders with the final month of the year alone exceeding any prior full year order intake
- **Scotland** - 90% order coverage for FY24. Significant growth in demand for extruded propellant materials, particularly across missile programmes

Significant opportunity to capitalise on the increased and enduring demand



Attribution: Photo: Cpl Danny Houghton/UK MOD 2021

INVESTING TO MEET THE DEMAND IN ENERGETICS

- Significant opportunity to **expand capacity across all three Energetics businesses** and capitalise on increased long-term demand
- Group's decision to initiate a three year £120m capital investment programme to **increase revenue by £85m** per annum

Norway

- c.£65m capacity expansion plan increases capacity by 100%, delivering **incremental revenue of c£45m**
- reinforces position as a NATO key strategic supplier (additional investment of £30m generating £25m of revenue when complete)

Scotland

- Circa £45m investment to build a new propellants facility, replacing aging plant, delivering **incremental revenue of c£30m**

Chicago

- c.£10m capacity expansion plan delivers **incremental revenue of c£10m** across US space launch and missile programmes

Current investment programme delivers incremental revenue of £85m and operating profit of £21m per annum

ROKE'S GROWTH PLAN

- Successful execution of its strategy has seen Roke double in size over last five years
- Roke's growth plan is set against an increasingly unstable global and domestic security environment which is driving increased customer demand

Key enablers:

- **Growth** in established **core markets**
 - **National Security** – active cyber defence and operational mission support services
 - **Defence** – Cyber & Electromagnetic Activities; Information Advantage products and services
- **Scale** into new agencies in **Futures** and **Roke Intelligence as a Service**
- **Organic Investment**
 - Attracting and retaining the best engineering and scientific talent
 - Continued geographic expansion in the UK to 'follow the mission' with clients
 - R&D and product development to maintain critical mission relevance
- **Value adding acquisitions** to **supplement organic growth**

On track to grow revenue to greater than £250m pa whilst maintaining strong margins



US SENSORS – STRATEGIC REVIEW

- Review of HMDS and AVCAD programs concluded that a focus on biological detection and security markets presents the greatest opportunity to maintain strong margins and to deliver growth
 - US Sensors therefore repositioned and reshaped to ensure sustainable competitive advantage in its targeted biological detection and security markets
-
- Focus will remain on the Group’s two US DoD sole-source biological detection Programs of Record which are now in production phases
 - Opportunity exists to leverage the Group’s proven biological detection technology and intellectual property into adjacent markets, such as Homeland Security
 - The Group is working with US Department of Homeland Security Countering Weapons of Mass Destruction (“CWMD”) office to field biological detection technology to counter the potential threat of future bio-weapons



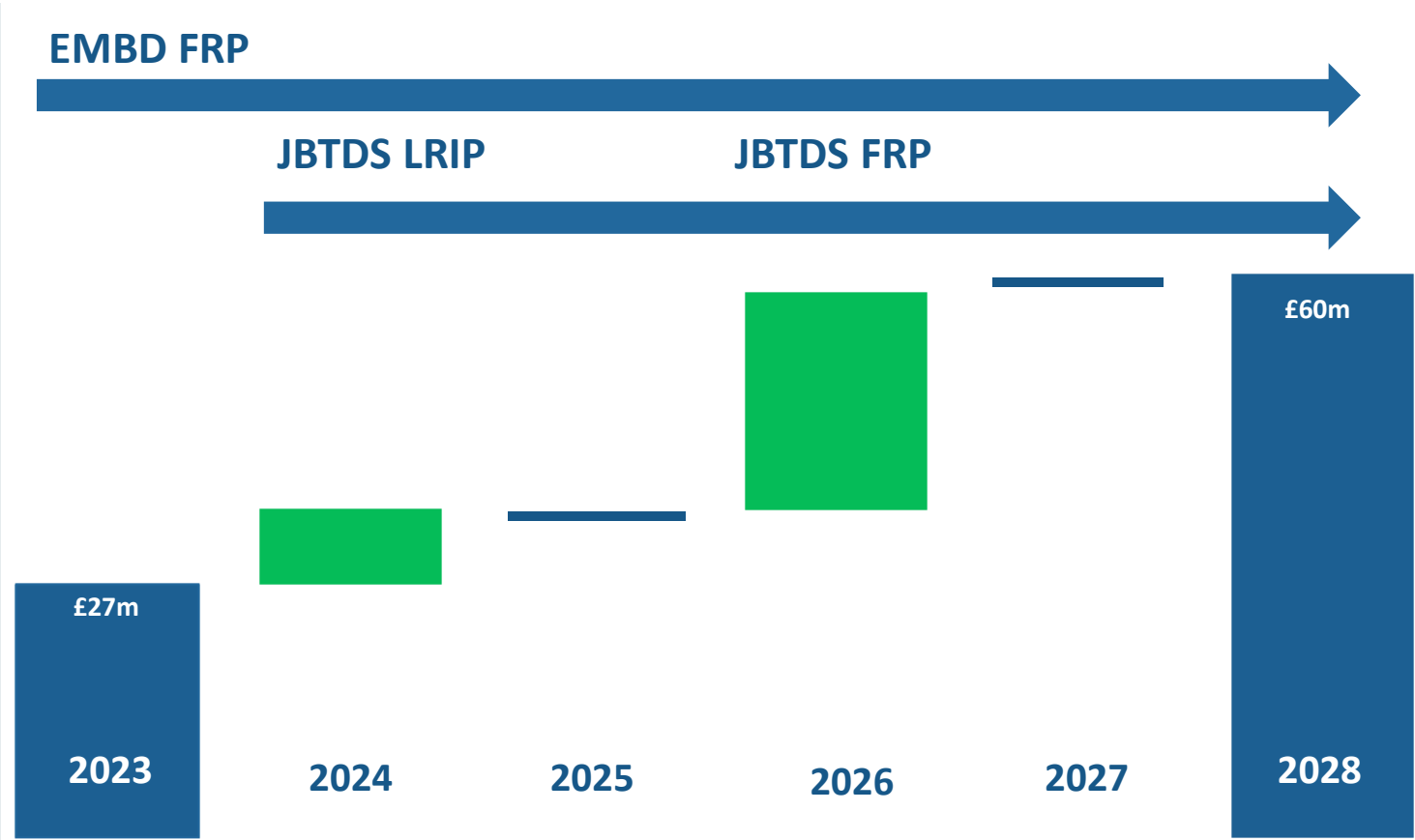
Countering Weapons
of Mass Destruction



Repositioned and reshaped to ensure sustainable competitive advantage

US SENSORS – BIOLOGICAL DETECTION PROGRAMS OF RECORD

- **EMBD**
 - First two years of production complete
 - Third delivery order received for \$15m
- **JBTDS**
 - LRIP award in September 2023 for \$15m
 - Potential full rate production award commencing 2026
 - Expected to deliver circa \$40-50m revenue per annum from 2026
- **Biological detection**
 - Opportunity in adjacent and export markets



Growth in US Sensors from Biological Detection Programs of Record

SUMMARY AND OUTLOOK

- The **outlook for the global defence** market is increasingly robust, **strong growth** predicted over the **next decade**
- **Investing** in high technology niches **provides** attractive **long-term growth** opportunities
- Future growth will be maintained by focusing on our **strategic imperatives**:
 - **Invest** to meet evolving customer requirements in **Energetics**
 - Continue to **grow** our **Roke** business
 - Accelerate growth opportunities with **focused, strategy-led acquisitions**
- **Growing order book** across our US and UK home markets with **79%** of 2024 expected revenue **covered** by order book
- Board's **expectations for 2024 performance remain unchanged**

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



APPENDICES

APPENDIX 1. CHEMRING AT A GLANCE

A TECHNOLOGY COMPANY WITH AN INTERNATIONAL FOOTPRINT AND
A BREADTH OF MARKET LEADING PRODUCTS AND SERVICES



SENSORS & INFORMATION

- Focused on information and electronic warfare and biological detection
- Operating across defence, national security and industrial domains
- Operate across whole life cycle – advice, engineering, design, research and solutions
- 700+ scientists, engineers and consultants

COUNTERMEASURES & ENERGETICS

- Focused on advanced expendable countermeasures to protect air and sea platforms from the threat of missile attack
- High reliability single use devices performing critical functions for the space, aerospace, defence and industrial markets
- Cutting edge innovations including aircraft safety systems and space applications

INNOVATING TO PROTECT

We place safety at the heart of everything we do

Focused on ensuring we consistently meet high standards

We create world-class solutions and develop world-class thinking

APPENDIX 2. MEDIUM TERM FINANCIAL OBJECTIVES AND ASSUMPTIONS

REVENUE	<ul style="list-style-type: none"> S&I - Segmental mid single digit % growth from double digit growth in Roke and low single digit growth in US Sensors, with a step change as the JBTDS PoR commences FRP C&E - Low single digit % growth in Countermeasures with step change growth in Energetics as additional capacity is commissioned
OPERATING MARGINS	<ul style="list-style-type: none"> 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 Group – Targeting mid teen return on sales % in the medium term
INTEREST	<ul style="list-style-type: none"> Now expected to increase in 2024 as higher interest rates drive increased finance costs for £150m facility
CAPEX	<ul style="list-style-type: none"> £70m for 2024, £60m for 2025 and £50m for 2026 as the £120m 3-year investment in increased Energetics capacity is completed, together with maintenance capex of £20m per annum
FX	<ul style="list-style-type: none"> US\$1.25: £1, AU\$1.90 : £1 and NOK 13.0 : £1 If GBP was 10% weaker against USD, AUD and NOK this would increase revenue by £22m and increase operating profit by £3m
TAX	<ul style="list-style-type: none"> 2024 rate is expected to trend upwards from 2023 level due to the impact of the full year effect of the increase in the UK tax rate
SHARE CAPITAL	<ul style="list-style-type: none"> Assuming the £50m share buyback programme is completed by 31st July 2024, the Group would expect the number of shares used in EPS calculations for 2024 to be 272.1m (basic) and 279.2m (diluted), and for 2025 to be 271.5m (basic) and 278.6m (diluted)

APPENDIX 3. CAPITAL ALLOCATION

CAPEX

- £120m Capex investment in our Energetics businesses to capitalise on unprecedented demand. Delivering incremental revenue of £85m and operating profit of £21m per annum, full year effect from FY27
- Continual capex investment to increase automation, enhance safety and drive margin improvement

M&A

- Focus on incremental bolt-on acquisitions that complement existing capabilities and accelerate growth in customer priority areas – in particular Roke and US Space and Missiles - while maintaining a disciplined approach to our evaluation criteria

DIVIDENDS

- Key part of total shareholder return
- Targeting medium-term dividend cover of c.2.5 times underlying EPS
- Dividends have grown 20% per annum for the last 3 years

SHARE BUYBACK

- Low risk, high return on investment option for excess cash which creates value for long-term holders
- £9m deployed in 2023 with a further £41m of capital allocated to 2024

APPENDIX 4. INVESTMENT CASE

- Significant multi-year visibility and high barriers to entry
- Diversified, protection-led portfolio, with strong customer relationships
- We operate in niche markets where we have technology differentiation
- Longer-term growth underpinned by increasing demand and possible market share gains augmented by selective acquisitions
- Mid-teens margin Group with strong cash conversion



APPENDIX 5. ESG HIGHLIGHTS IN 2023



HEALTH & SAFETY

- Total Recordable Injury Frequency (TRIF) rate increased slightly to 0.9 but still below annual limit of 1.0
- Zero injuries in connection with or arising from energetic events
- We continue to operate in a Calculative Culture with improved systems providing data informed discussions and decision making at all levels.



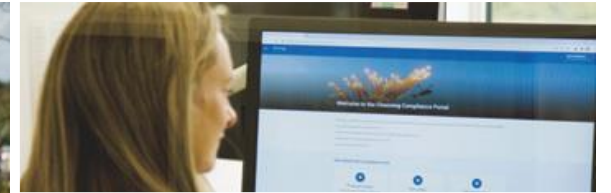
ENVIRONMENT

- Independently audited Scope 1 and Scope 2 GHG emissions reduced by 9.1% to 17,430 CO2e tonnes on higher revenue
- Water consumption reduced by 3.9% / Waste production decreased by 32.1%
- Carbon reduction plans are geared towards the electrification of sites and assets, improving energy efficiency and ensuring renewable energy is sourced in-line with our targets



PEOPLE

- Employee Engagement remains a high priority, with positivity up at 76% in FY23 (2022: 75%)
- Our commitment to DE&I continues with improved reporting and programmes to develop the gender balance in our senior management positions, which is now 32% female / 68% male on track for our 33%/67% goal by 2027
- Board diversity improved further to 44%/56% female to male gender split (2002: 38%/62%)



ETHICS & BUSINESS CONDUCT

- Two Code of Conduct training modules issued to all employees
- BACM 2022 and updated BACM Pocket Guide issued, together with associated training
- Ethics & Compliance Committee consolidated into the ESG Committee

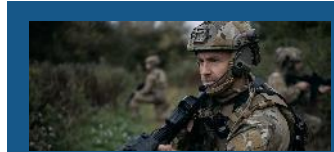
External recognition in 2023: - Investec Sustainable Investment Research recognised Chemring as a 2023 rising star
- AAA ESG rating maintained with MSCI, top 3% of Aerospace & Defence sector

We are committed to building a strong and sustainable company

APPENDIX 6. ROKE'S MARKETS AND OPPORTUNITY

Growth

Scale



Defence

Cyber as the 5th domain within a Multi Domain Integration (Integrated across Government, Integrated Across Domains and Integrated with Allies) context.

Sub-threshold warfare as a continuum to peer warfare; persistent engagement.

Shift from platform to information centric warfare; link sensor to cognition.



National Security

Geopolitical situation is the growing importance of the Indo-Pacific, China's increasing international assertiveness and EU/NATO resurgence post the Russian invasion of Ukraine.

Systemic competition between states, values and systems of government; combined with global generational debt reduces standards of living and increases unrest.

Rapid technology change and a move to Everything as a service challenges legacy centres of corporate, social, and national power.



Intelligence as a Service (IaaS)

Demand for curated and analysed Open Source Intelligence (OSINT) is increasing at 25% CAGR on a current market size of c£5Bn.

Not only is it a valuable National Security Asset as seen in Ukraine, it is increasingly being used for CNI protection and insurance underwriting.



Law Enforcement

The transformation of digital communication alongside increasing data volumes and complexity requires innovative, scalable data capture & exploitation capabilities that use technology to scale beyond headcount.

Increasing social, political & regulatory pressure is resulting in a burgeoning counter-online harms industry, with a strong push for ethically-built AI solutions for these most challenging problems.



Aerospace

Market pressures to increase safety, performance and life spans of high value assets (such as engines), is driving demand for intelligent & secure digital solutions.

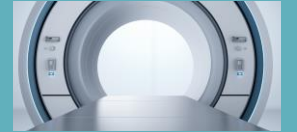
Technology that improves operational effectiveness through automation, deskilling complex activities and/or increasing asset security are in high demand.



Energy

Increasing challenges associated with aging asset estates (cost, safety, security, environmental) are driving investment into better maintenance technologies as well as new energy sources (eg. SMR).

Intelligent sensing & situational awareness solutions are needed to improve operational security & performance of safety critical infrastructure.



Digital Health

A need to increase capacity of care services to address backlogs and reduce costs with limited resources, is driving demand for intelligent and connected digital solutions.

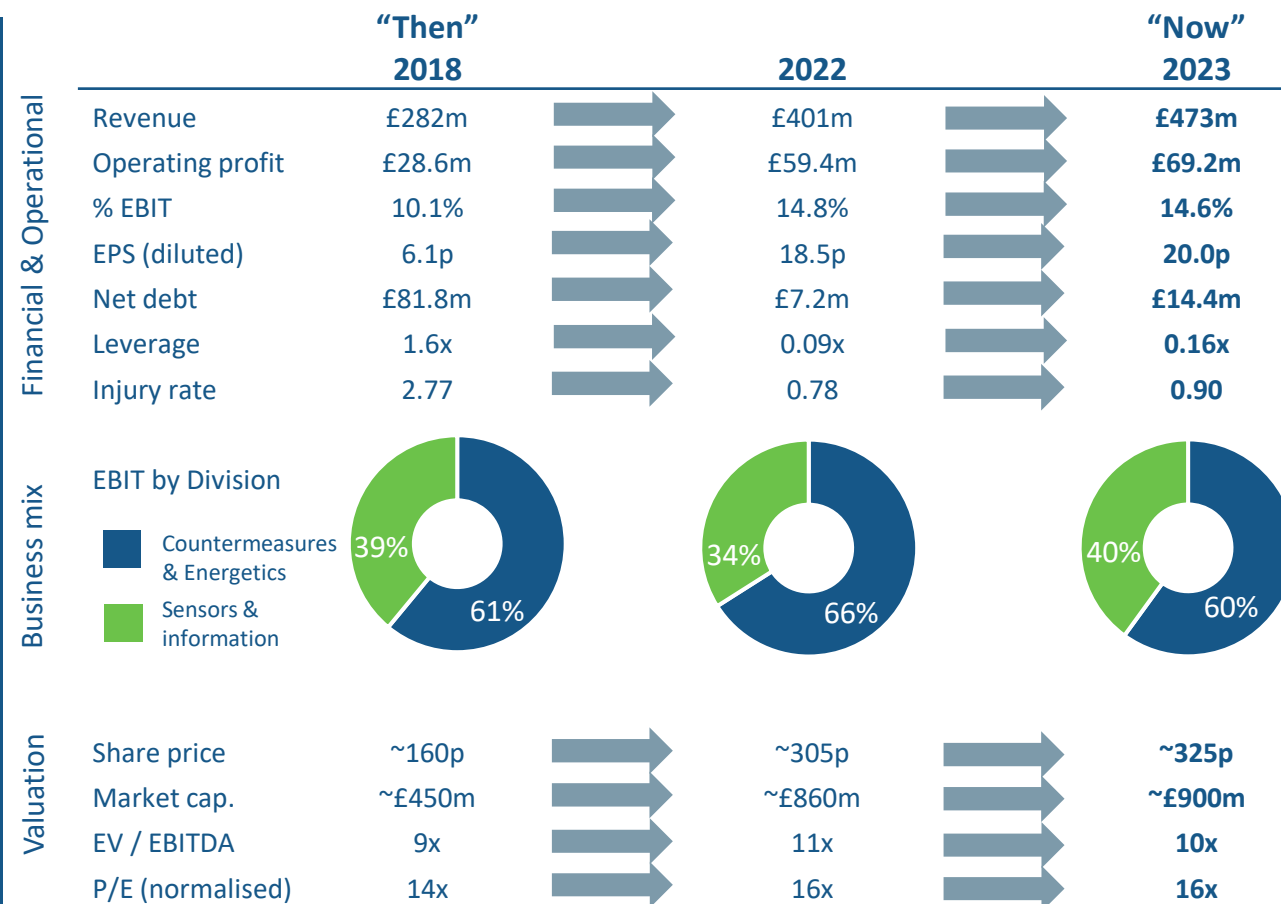
Intelligent sensing & data driven solutions that support more efficient clinician decision making are critical, noting trust and patient data security is paramount.

- Underpinning this growth is the need to continue to scale staff growth and intellectual capabilities
- Roke headcount has increased from c.400 at the end of 2018 to over 850 today - driven by the success of its graduate and apprenticeship schemes, Roke Academy, and its geographic expansion (Woking, Gloucester, Manchester)

APPENDIX 7. CHEMRING'S TRANSFORMATION

ACHIEVEMENTS SINCE MARCH 2019 STRATEGIC REVIEW

- Embedded a proactive safety and risk management culture
 - Strategic exit from commoditised energetics
 - Strengthened divisional management teams
 - Established Roke as a high growth technology business
 - Increased margins by 450bps
 - Decreased net debt from £81.8m to £14.4m while spending circa £184m on capex and returning £73m to shareholders over the period
 - Historic risks retired:
 - SFO investigation resolved without penalties or fines charged
 - Pension buy-out deficit of c.£50m eliminated without cash contributions from the Group
- Buy-in/buy-out transaction completed on 28 November 2023



* Multiples calculated based on last twelve months EBITDA/ earnings

APPENDIX 8. IMPACT OF FOREIGN EXCHANGE TRANSLATION - SEGMENTAL

Group	Constant currency movement	2023 restated at 2022 rates £m	2022 £m	2023 £m
Revenue	↑ 19%	477.7	401.0	472.6
EBITDA	↑ 18%	91.2	77.3	88.5
Operating profit	↑ 21%	71.7	59.4	69.2
Order book	↑ 48%	964.5	650.9	921.6



Sensors & Information	Constant currency movement	2023 restated at 2022 rates £m	2022 £m	2023 £m
Revenue	↑ 55%	187.3	120.5	187.0
EBITDA	↑ 38%	38.6	28.0	38.5
Operating profit	↑ 35%	34.3	25.4	34.2
Order book	↑ 12%	172.2	153.7	170.6

Countermeasures & Energetics	Constant currency movement	2023 restated at 2022 rates £m	2022 £m	2023 £m
Revenue	↑ 4%	290.4	280.5	285.6
EBITDA	↑ 6%	68.1	64.2	65.5
Operating profit	↑ 8%	52.9	48.9	50.5
Order book	↑ 59%	792.3	497.2	751.0

Prior year comparatives have been re-presented to reflect continuing operations only. References to EBITDA and operating profit are to continuing underlying measures

APPENDIX 9. INCOME STATEMENT

			2023 £m	2022 £m
Revenue	↑	18%	472.6	401.0
Operating profit	↑	16%	69.2	59.4
Operating margin			14.6%	14.8%
Finance expense	↓	13%	(1.3)	(1.5)
Profit before tax	↑	17%	67.9	57.9
Tax rate			15.0%	7.9%
Earnings per share (diluted)	↑	8%	20.0p	18.5p
Dividend per share	↑	21%	6.9p	5.7p

- Strong performance at Roke, with revenue exceeding £160m and strong margins maintained
- Countermeasures & Energetics benefited from improved operational execution
- Average exchange rates moved:- USD \$1.23 to \$1.24, AUS\$ 1.75 to 1.91 and NOK 11.8 to 13.1, giving an operating profit headwind of £2.5m
- Tax rate increase due to recognition of a non-cash deferred tax asset in respect of potential future interest deductions in the US in prior year

References to operating profit, profit before tax and earnings per share are to continuing underlying measures

APPENDIX 10. BALANCE SHEET

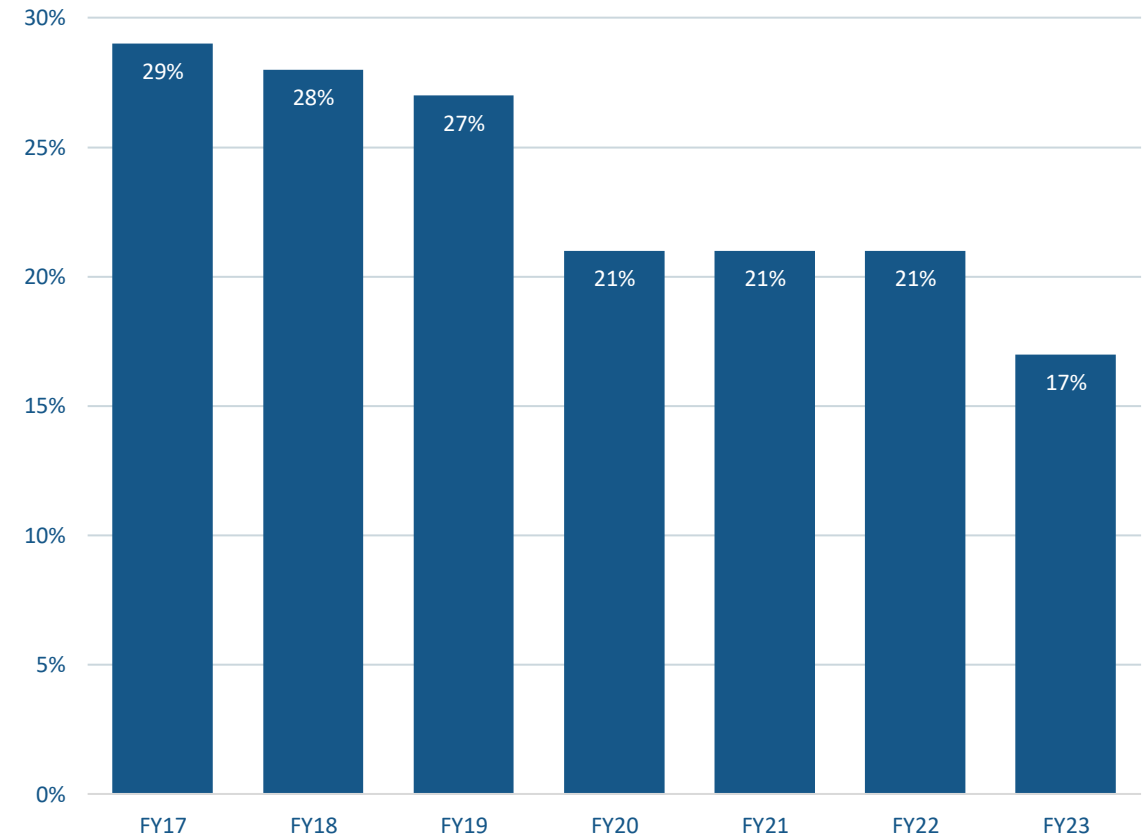
	2023 £m	2022 £m
Goodwill & intangibles	110.1	129.5
Development costs	17.6	34.6
Property, plant & equipment	242.2	231.3
Trade working capital	82.3	93.9
Pension surplus	5.9	11.2
Other	(65.2)	(75.2)
	392.9	425.3
Net debt	(14.4)	(7.2)
Net assets	378.5	418.1

- Net debt stable at £14.4m (2022: £7.2m). Net debt: EBITDA of 0.2x
 - Over the 3 year period, 101% of EBITDA has been converted to operating cash (2022: 108%) funding reinvestment in capex
 - Working capital as a % of revenue has reduced to 17% (2022: 21%)
 - Total facilities of £158m, of which £143m were undrawn at 31 October 2023, providing good immediately available liquidity
- Future focus
- Continue to drive strong operating cash conversion to fund capex in Scotland, Chicago and Norway as the capacity expansion investments commence

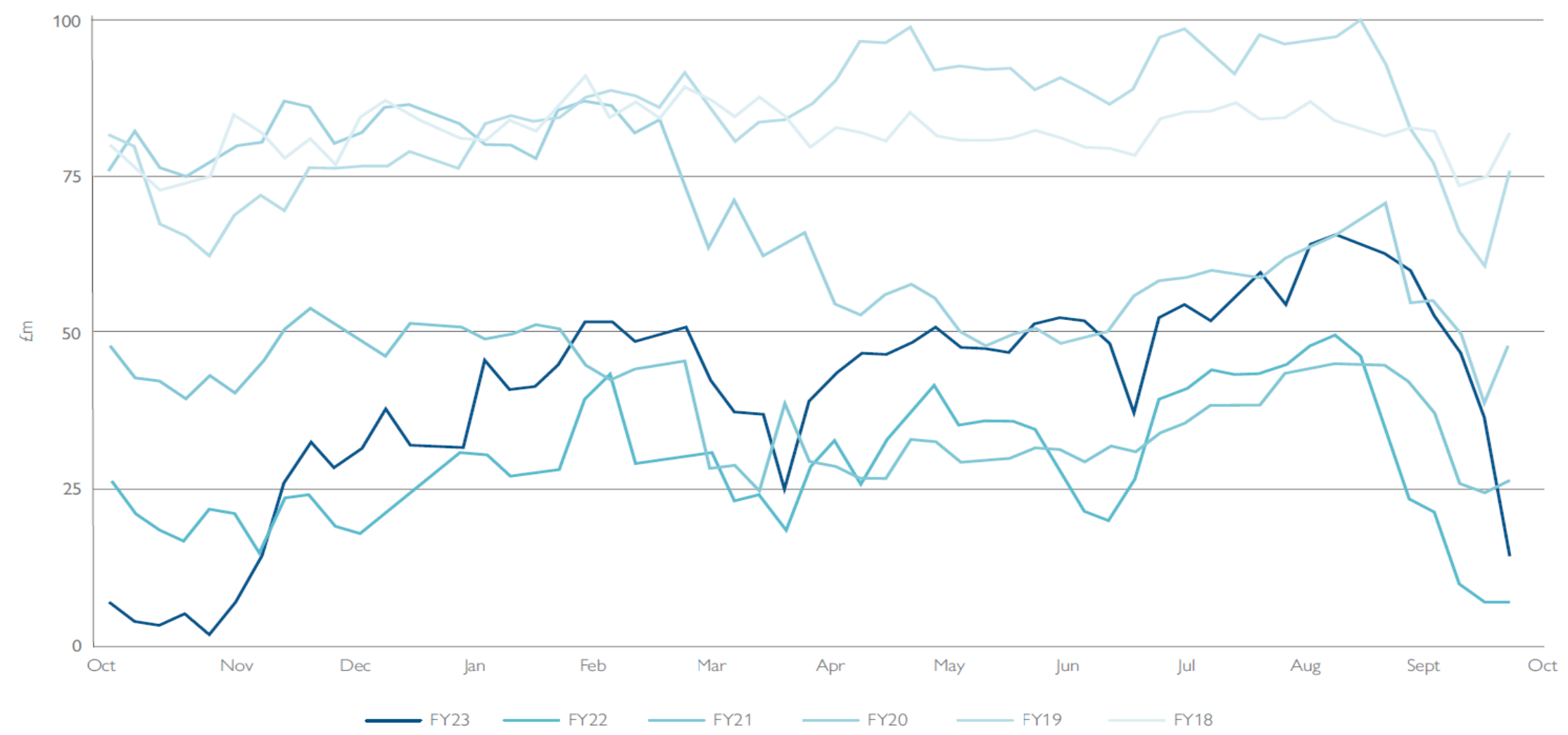
APPENDIX 11. TRADE WORKING CAPITAL

£m	2023	2022
Inventories	101.7	99.6
Advance receipts from customers	(47.2)	(26.6)
Net inventory	54.5	73.0
Receivables	41.3	33.3
Payables	(16.3)	(14.7)
Other items	2.8	2.3
	↓ 12%	82.3
		93.9
	2023	2022
Revenue (£m) <i>(PY including discontinued)</i>	↑ 7%	472.6
		442.8
Working capital as a % of revenue	↓ 400 bps	17%
		21%

Working capital as a % of revenue



APPENDIX 12. WEEKLY NET DEBT



APPENDIX 13. NON-UNDERLYING ITEMS

		Continuing		Discontinued	
£m	Note	2023 P&L cost	2023 Cash paid	2023 P&L cost	2023 Cash paid
Acquired intangibles amortisation		3.0	-	0.7	-
Acquisition expenses	a	3.7	0.3	-	-
Mark to market of FX forward contracts		(1.4)	-	-	-
Claim related costs		-	1.5	-	0.2
Impairment of Chemical Detection / EHD assets		18.2	-	31.2	-
Site rationalisation costs - Chemical Detection / EHD		0.3	0.3	1.7	1.7
Impact on profit before tax / total cash paid		23.8	2.1	33.6	1.9
Tax credit on non-underlying items		(3.8)		(2.2)	
Impact on profit after tax		20.0		31.4	

Notes

a - £3.4m relating to IFRS 2 charge on acquisition of Cubica and Geollect and £0.3m relating to professional fees incurred in relation to mergers and acquisitions activity

APPENDIX 14. FY22 RE-PRESENTED RESULTS

	UNDERLYING			NON-UNDERLYING		
£m	Reported 2022	EHD business treated as discontinued	Re-presented in 2023 Annual Report	Reported 2022	EHD business treated as discontinued	Re-presented in 2023 Annual Report
INCOME STATEMENT						
Continuing operations						
Revenue	442.8	(41.8)	401.0	-	-	-
Operating profit	64.0	(4.6)	59.4	(10.7)	0.7	(10.0)
Finance expense	(1.5)	-	(1.5)	-	-	-
Profit before tax	62.5	(4.6)	57.9	(10.7)	0.7	(10.0)
Taxation	(5.7)	1.1	(4.6)	1.3	(0.2)	1.1
Profit after tax	56.8	(3.5)	53.3	(9.4)	0.5	(8.9)
Discontinued operations						
Profit after tax	-	3.5	3.5	-	(0.5)	(0.5)
Total profit after tax	56.8	-	56.8	(9.4)	-	(9.4)
CASH FLOW STATEMENT						
Continuing operations						
Cash flows from operating activities	90.1	(5.0)	85.1	(1.1)	-	(1.1)
Discontinued operations						
Cash flows from operating activities	-	5.0	5.0	-	-	-
Total operating cash	90.1	-	90.1	(1.1)	-	(1.1)

APPENDIX 15. MARKET CONSENSUS 2024 & 2025

- The Group is aware of six 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 below:

	2024	2025
Revenue (£m)	505	543
Underlying operating profit (£m)	73.7	81.3
Underlying diluted earnings per share (pence)	20.3	22.0

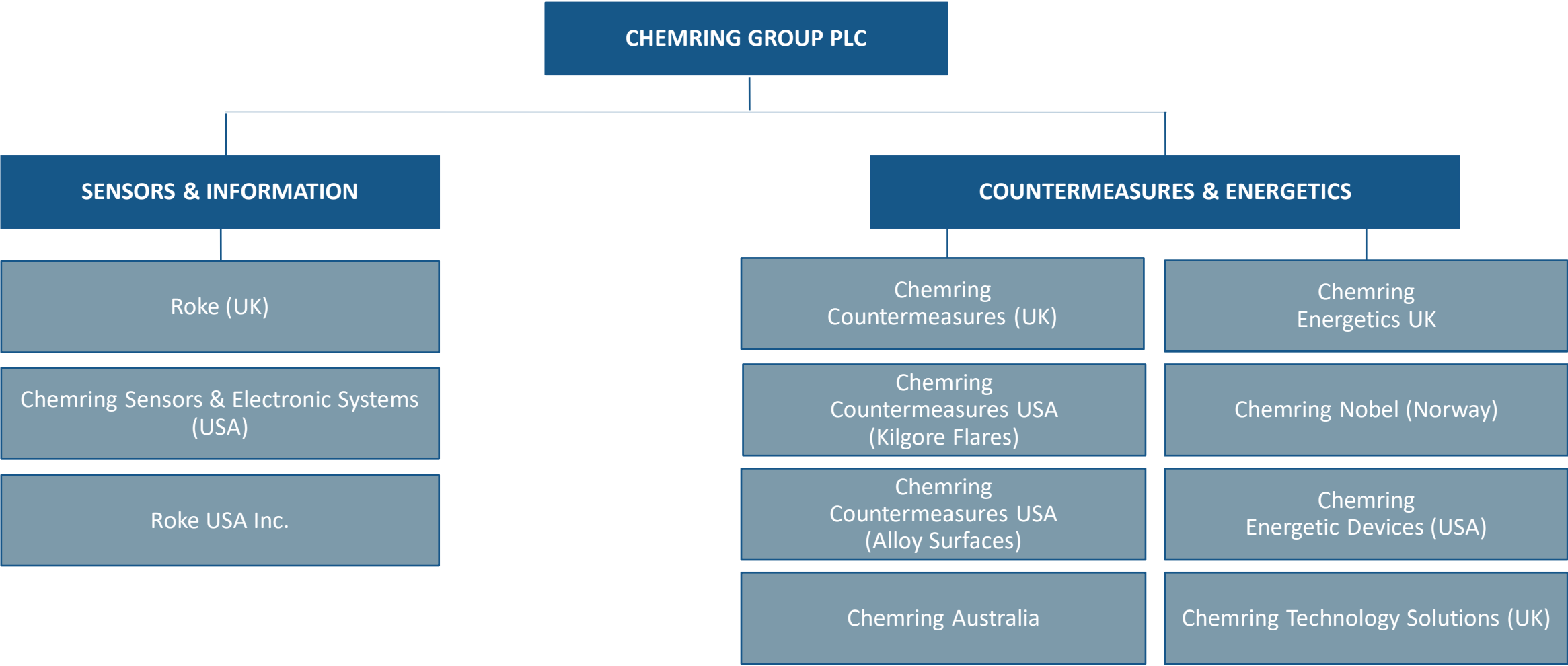
*Compilation of data only, does not represent the Group's views of projections

APPENDIX 16. DEFINED BENEFIT PENSION

£m	2023	2022
Liability driven investments	33.7	25.3
Diversified alternatives	-	26.9
Corporate bonds	25.4	-
Multi-asset credit	-	7.8
Assets held by insurance company	1.0	1.1
Cash	2.1	10.3
Total assets	62.2	71.4
Defined benefit obligation	(56.3)	(60.2)
Net surplus	5.9	11.2

- Scheme assets as a percentage of liabilities was 110% on an IAS 19 basis
- On 28 November the Group reached an agreement with an insurer to transfer the legal responsibility for its defined benefit pension scheme through a buy-in/buy-out transaction
- As part of the buy-in/buy-out the Group has paid an initial premium of £1.6m, with a further payment of up to £3m spread across FY24 and FY25
- The IAS 19 surplus will now be derecognised

APPENDIX 17. ORGANISATIONAL CHART



APPENDIX 18. GLOSSARY

Acronym	Meaning	Acronym	Meaning
CCM UK	Chemring Countermeasures UK	HMDS	Husky Mounted Detection System
CCM US	Chemring Countermeasures USA	IDIQ	Indefinite Delivery Indefinite Quantity
CED	Chemring Energetic Devices	JBTDs	Joint Biological Tactical Detection System
CEUK	Chemring Energetics UK	LRIP	Low Rate Initial Production
CEMA	Cyber and Electromagnetic Activities	LTI	Lost Time Incident
CHA	Chemring Australia	MENA	Middle East & North Africa
CHG	Chemring Group	MTV	Magnesium Teflon Viton
C&E	Countermeasures & Energetics	NLAW	Next Generation Light Anti-Tank Weapon
DE&I	Diversity, Equity & Inclusion	NSIA	National Security and Investment Act
EMBD	Enhanced Maritime Biological Detection	NATO	North Atlantic Treaty Organisation
ESG	Environmental, Social & Governance	OSINT	Open Source Intelligence
EW	Electronic Warfare	PoR	Program of Record
FRP	Full Rate Production	S&I	Sensors & Information
F-35	F-35 Joint Strike Fighter	UK MOD	United Kingdom Ministry of Defence
GHG	Greenhouse Gases	US DoD	United States Department of Defense

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