



Chemring Group

**Annual General Meeting
- 4th March 2020**



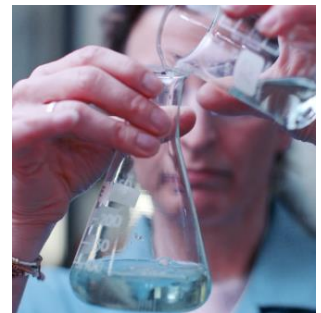
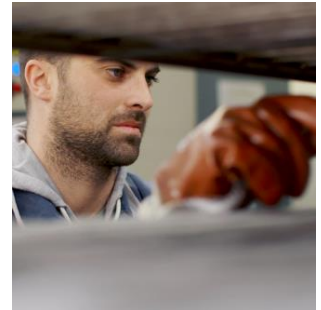
Michael Ord

Group Chief Executive

Safety

- **Safety is our core value**
- We continue to investment in automated manufacturing facilities
- New HSE standards and guidelines introduced
- All milestones of new HSE strategy have been met to date
- HSE investigation at CCM UK is ongoing

Our goal remains zero harm



FY19 Objective: *Build a stronger business*

Build two high quality business sectors

- Invest to improve safety and operational performance
- Focus on US, UK and Australian markets
 - Defence, Security and Commercial
 - Niches with sustainable competitive advantage
- Deliver mid/high teen ROS over the medium term

Four Key Projects:

1. Exit the commoditised Energetics market
2. Mobilise US Sensor Programs of Record
3. CCM UK re-start
4. Construction of CCM US Tennessee facility

Exit the commoditised Energetics market

- Removes risk and improves the quality of the Group and its future earnings
- Chemring Military Products & Chemring Defence sold and Chemring Prime Contracts closed
- Conditional sale of Chemring Ordnance announced in November



Mobilise US Sensor Programs of Record

- HMDS program achieved required delivery rate
- Biological programs (JBTDS & EMBD) in EMD phase with customer testing ongoing
- Chemical program (AVCAD) completed Critical Design Review (CDR) with further 75 units ordered to support customer testing
 - AVCAD program remains in competition with LRIP decision in 2021



CCM UK re-start

- Phased re-start completed as planned
- Steady state manufacturing across all product lines by year end
- Focus now on lean manufacturing and modernisation investment to improve competitiveness
- HSE investigation ongoing

Construction of CCM US Tennessee facility

- Major construction milestones achieved in year
- Spend to date £15m
- Target to manufacture first article products in 2020
- Production scheduled to commence in 2021



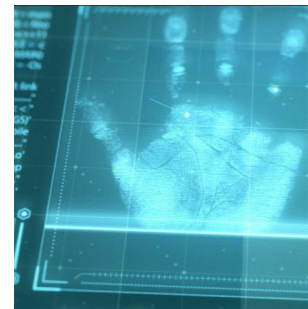
FY20 Focus

Maintain **safety** as the Group's core value

Continue building a platform for **sustainable** performance and growth

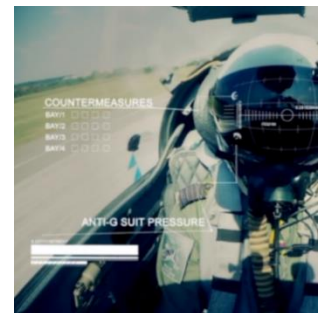
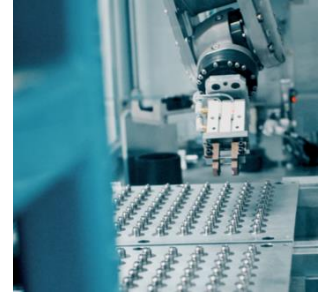
Specific objectives:

1. Global Countermeasures
2. Grow Roke
3. Protect and grow US Sensors



Global Countermeasures

- Defend and grow current global market leading position
- Strengthen customer focus globally and specifically with US DoD
- Invest to increase capacity and competitiveness
- Collaborate to share technology and operational excellence



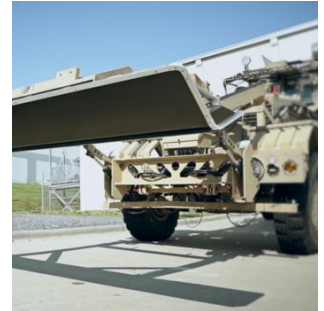
Grow Roke

- New Leadership team in-place
- Prioritising customer focus & business development capabilities
- Primary focus will be UK and Europe but will pursue opportunities in US and Australian markets
- Three Business Areas
 - National Security and Law Enforcement
 - Defence
 - Commercial



Protect and grow US Sensors

- Flawless execution of HMDS contracts
- Customer focus and support to progress biological detection programmes (JBTDS & EMBD)
- Continue to build a winning Aerosol & Vapor Chemical Agent Detector (AVCAD) solution
- Develop medium-term technology roadmaps beyond current programmes

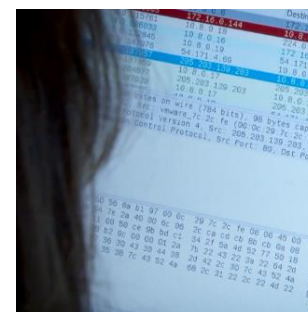
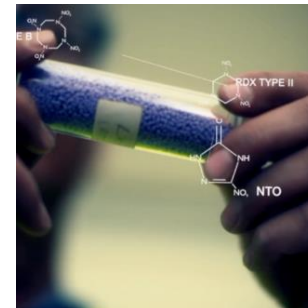


Current trading and FY20 Outlook

- Continue to build a platform for sustainable performance and growth
- Strengthen our culture of Safety, Excellence and Innovation
- Solid demand across our US, UK and Australian home markets
 - Current trading in-line with our expectations in both sectors
 - Approximately 88% of FY20 expected revenue covered by order book
 - A number of notable orders won in the period

Board's expectations for the FY20 performance remain unchanged

Innovating to protect





Questions

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