

Defeating the Threat

Delivering Global Protection

CHEMRING GROUP PLC



Chemring Group PLC

- **Chemring, a FTSE 250 company, has:**
 - *a market capitalisation in excess of £650m*
 - *operations in UK, USA, Germany, Italy, Spain, France & Australia*
 - *successful market access to 80+ countries world-wide*



Countermeasures

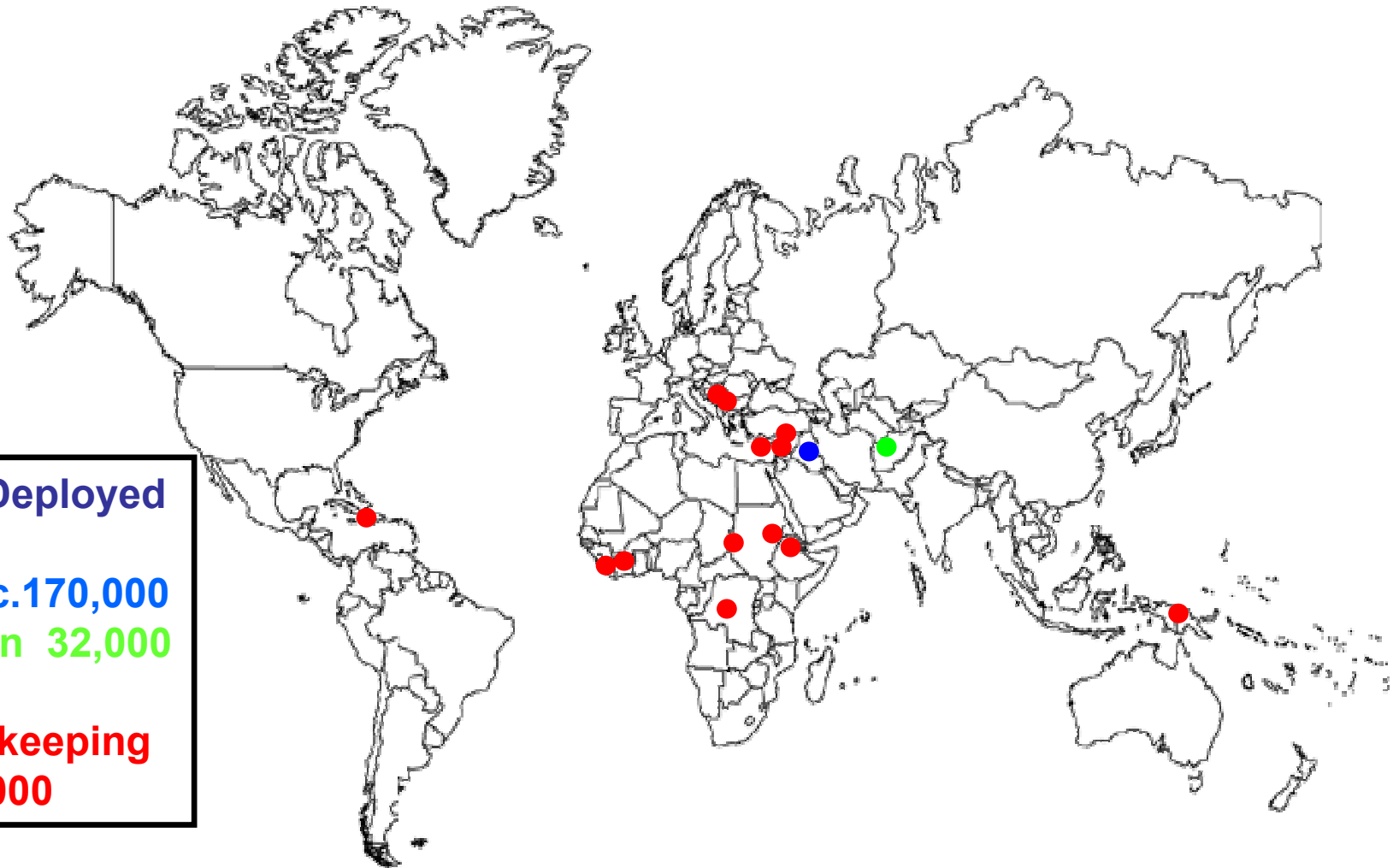
60% of Sales
World Leader



Energetics

40% of Sales
Rapid Growth

Peace-Keeping and Conflict



Numbers Deployed

Iraq c.170,000

Afghanistan 32,000

UN Peacekeeping
140,000

Source: UN

The Threat to the Skies



SA-7 Grail



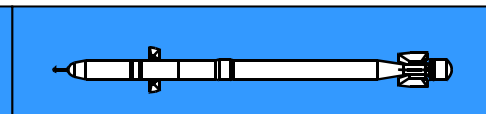
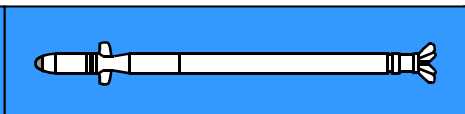
SA-14 Gremlin



SA-16 Gimlet



SA-18 Grouse



Stinger



Mistral



SA-9 Gaskin

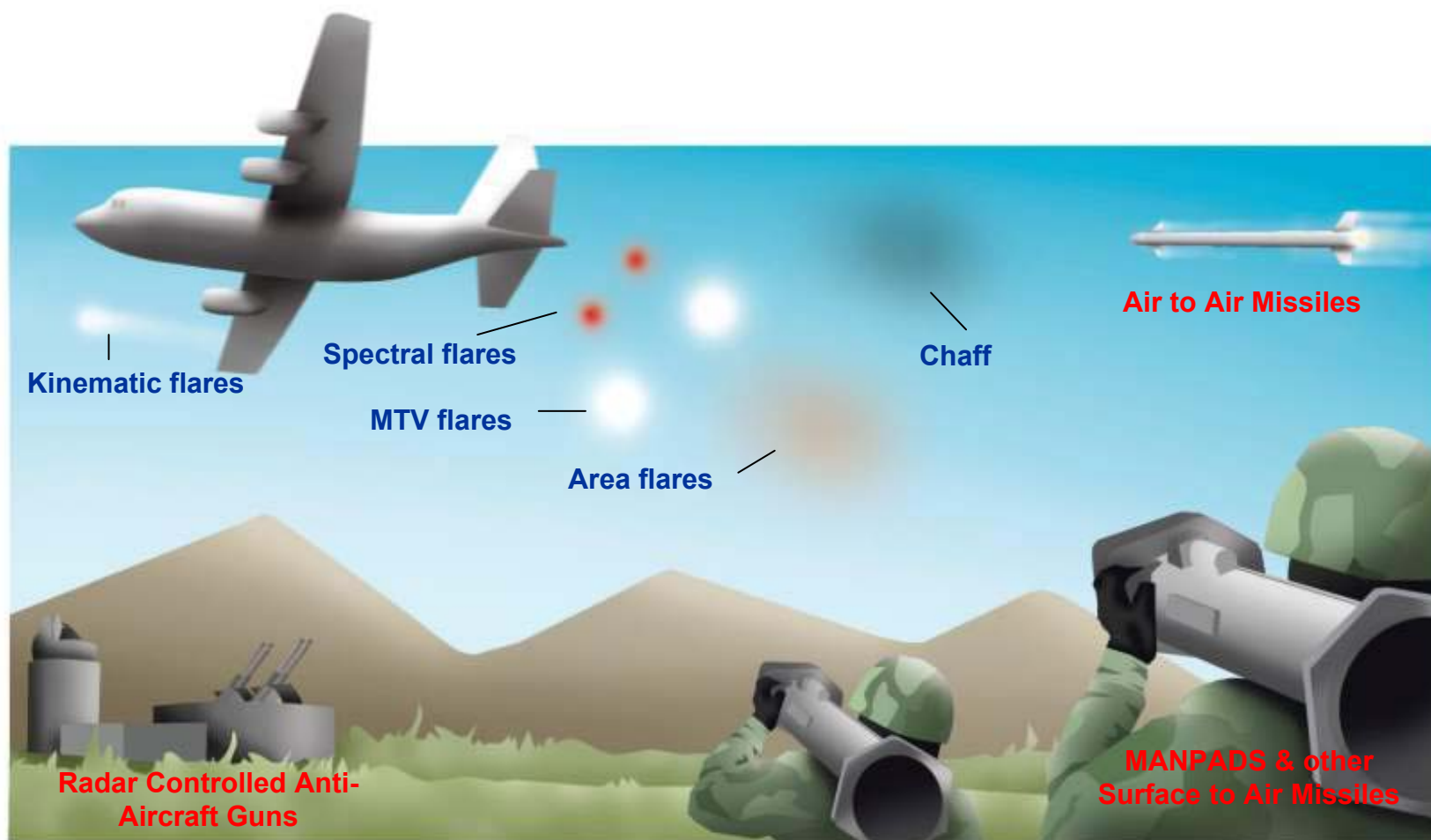


SA-13 Gopher



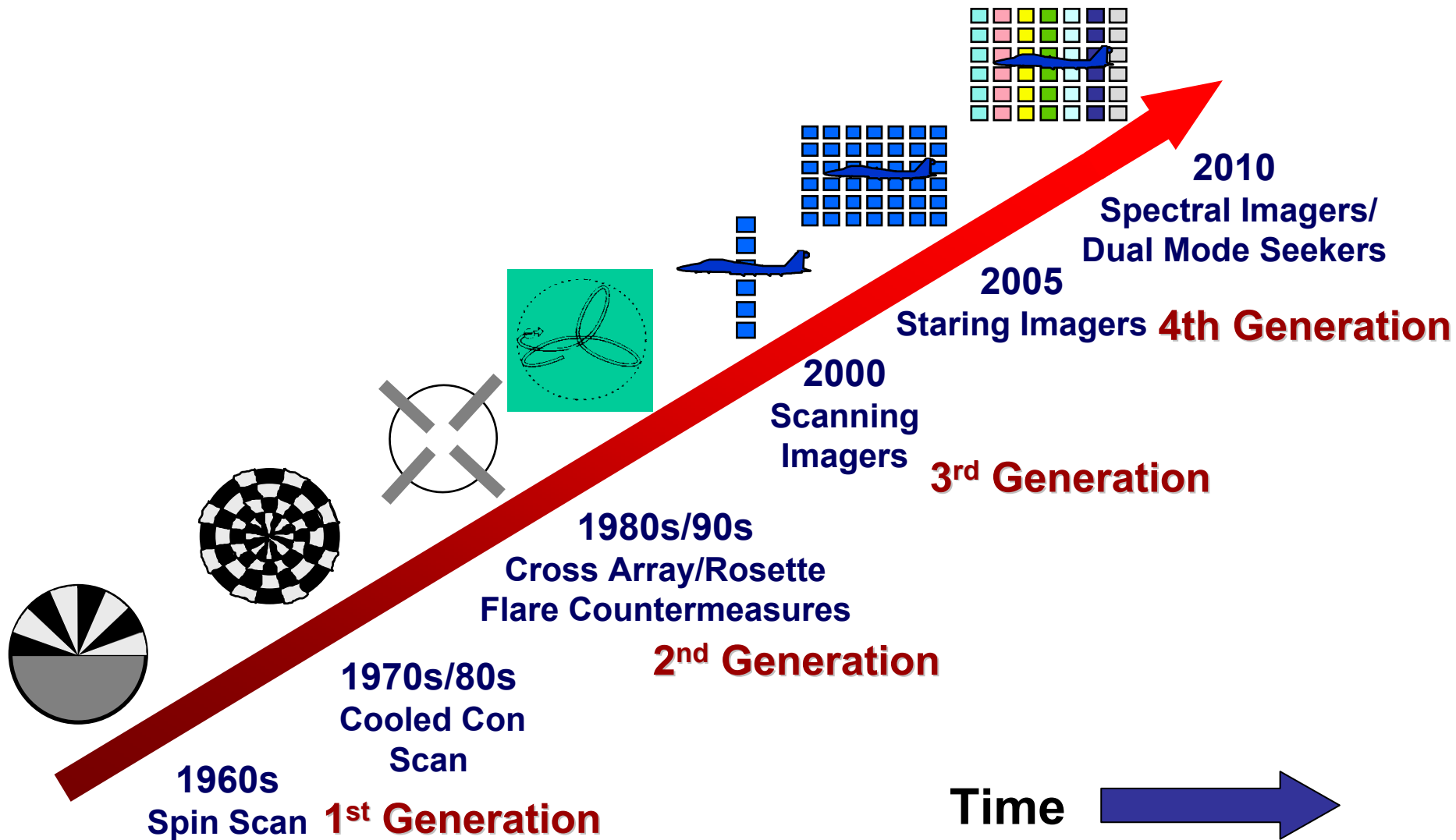
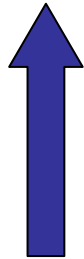
Maximum Ranges From 2.5 To 4.0 Nautical Miles. Maximum Altitude Up To 16,000 feet.

The Threat to the Skies

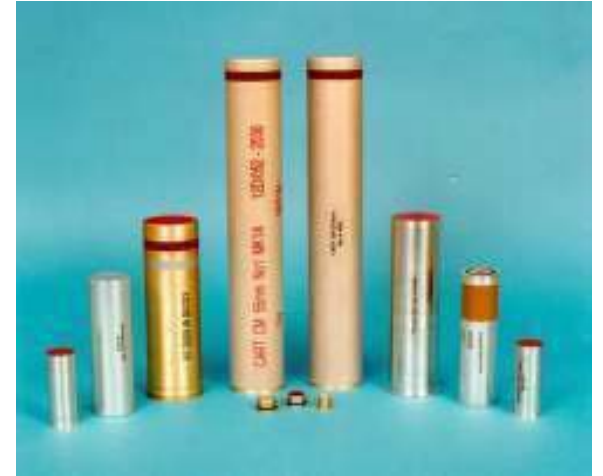


Evolution of the Threat

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Countermeasures - Air



Decoys for Fixed Wing A/C

Decoys for Helicopters

Wide Range of IR Flares

New Platforms



Helicopters:

- **Tiger** – France, Germany, Spain, Australia
- **NH-90** – Germany, France, Italy, Holland, Sweden, Finland, Norway, Australia, Greece, New Zealand, Spain
- **EH 101** – UK, US, Japan, Portugal, Canada, Italy, Denmark



Transport Aircraft:

- **V-22** – US
- **A400m** – Germany, France, Spain, UK, Turkey, South Africa, Belgium, Malaysia, Luxembourg

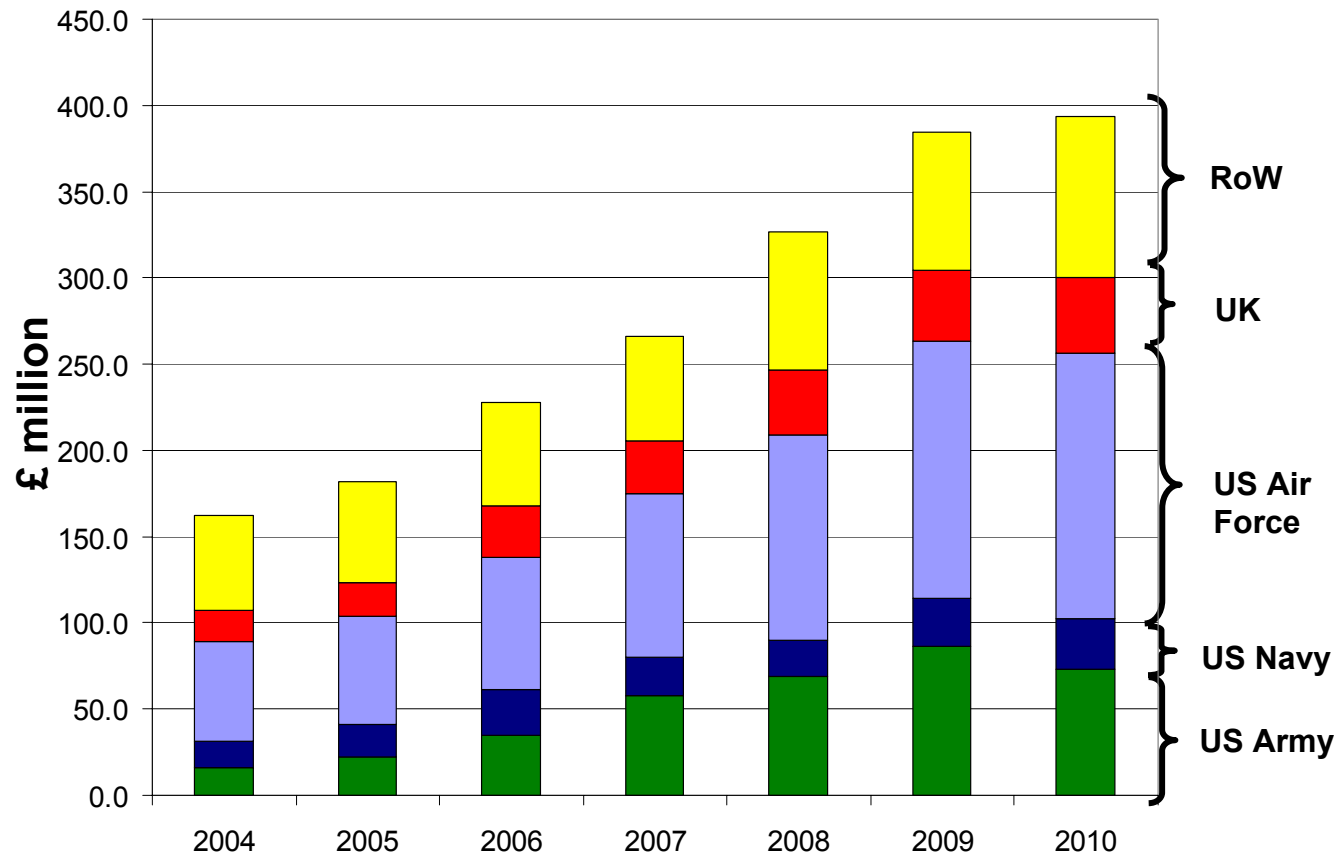


Combat Aircraft:

- **F-22** – US, Japan ?
- **JSF** – US, UK, Italy, Holland, Turkey, Canada, Norway, Australia
- **Typhoon** – UK, Germany, Italy, Spain, Austria, Saudi Arabia
- **Su-30** – India, Indonesia, Malaysia, Algeria

The Global Countermeasure Market

Global Market Size (£m)



- Peacekeeping activities driving increased decoy usage.
- US FY08 budget figures showing significant growth.
- USAF growth driven by introduction of advanced flares for 3rd & 4th generation seekers:
 - *MJU-55 for F-18*
 - *ALA-17 for B-52*
 - *F-22 advanced flares*
 - *JSF advanced flares*

Source: Internal estimates based on US program documentation & export market knowledge

The Threat at Sea



Countermeasures – Naval



Naval Rounds and Payloads

The Threat on Land



Munitions

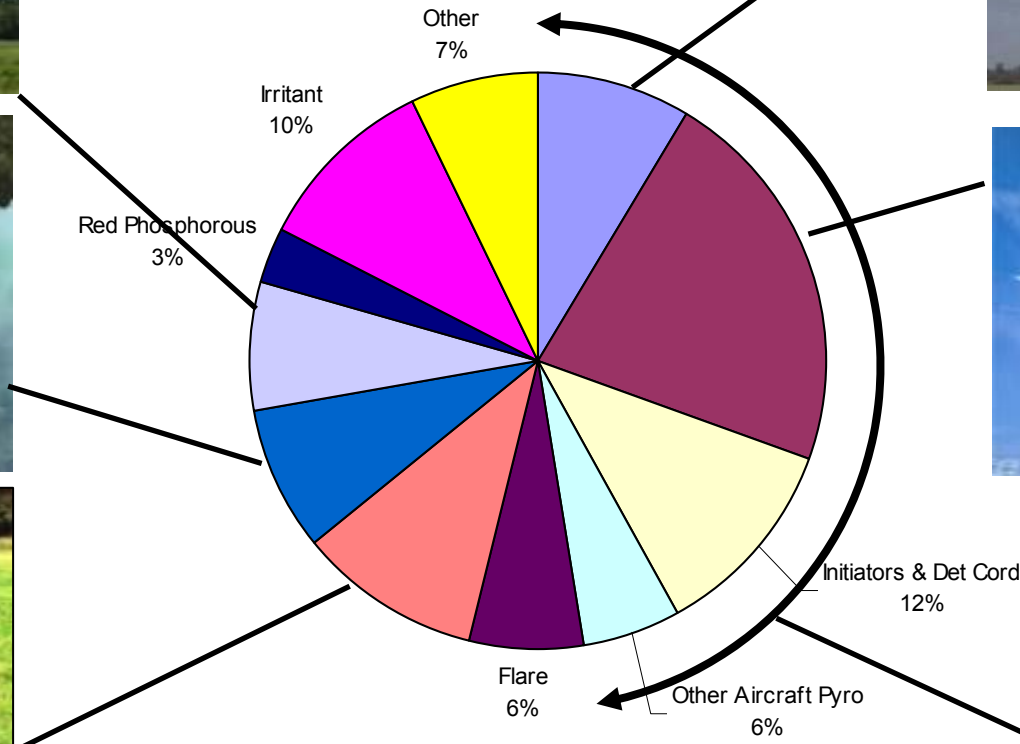


IED



Pyrotechnics

Pyrotechnics

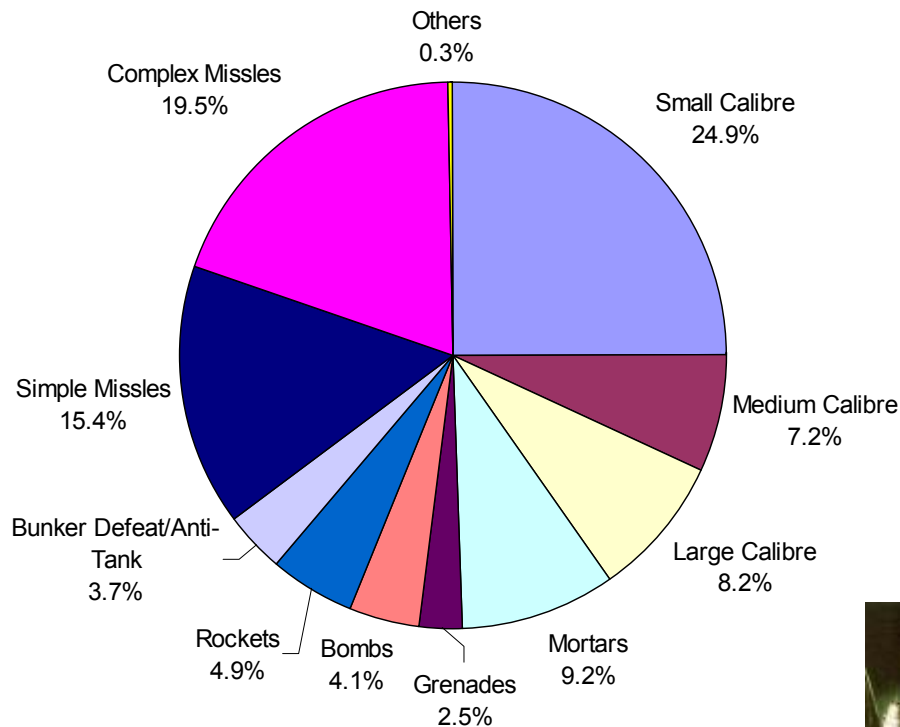


**Aircraft Pyro
47%**

Total US & EU market c.£600m

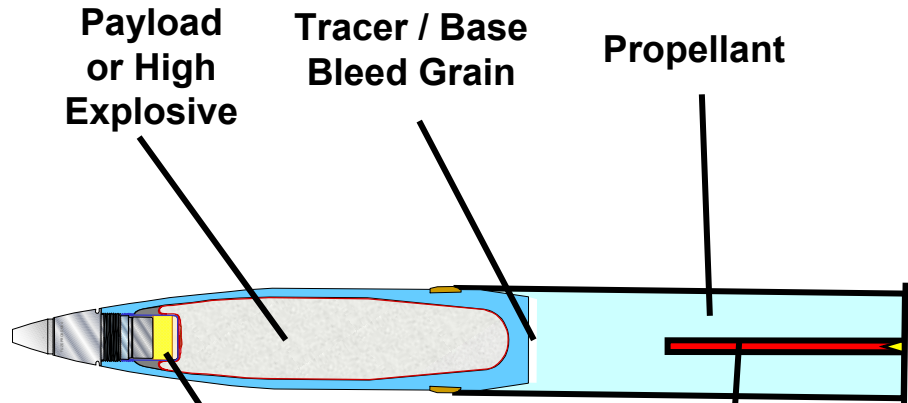
Munitions

Estimated Global Ammunition Market (2006)



US & EU market £4.9 billion

Source: Forecast International, Chemring internal estimates



EOD

Demolition Stores, 4.2%



Initiators, 2.6%



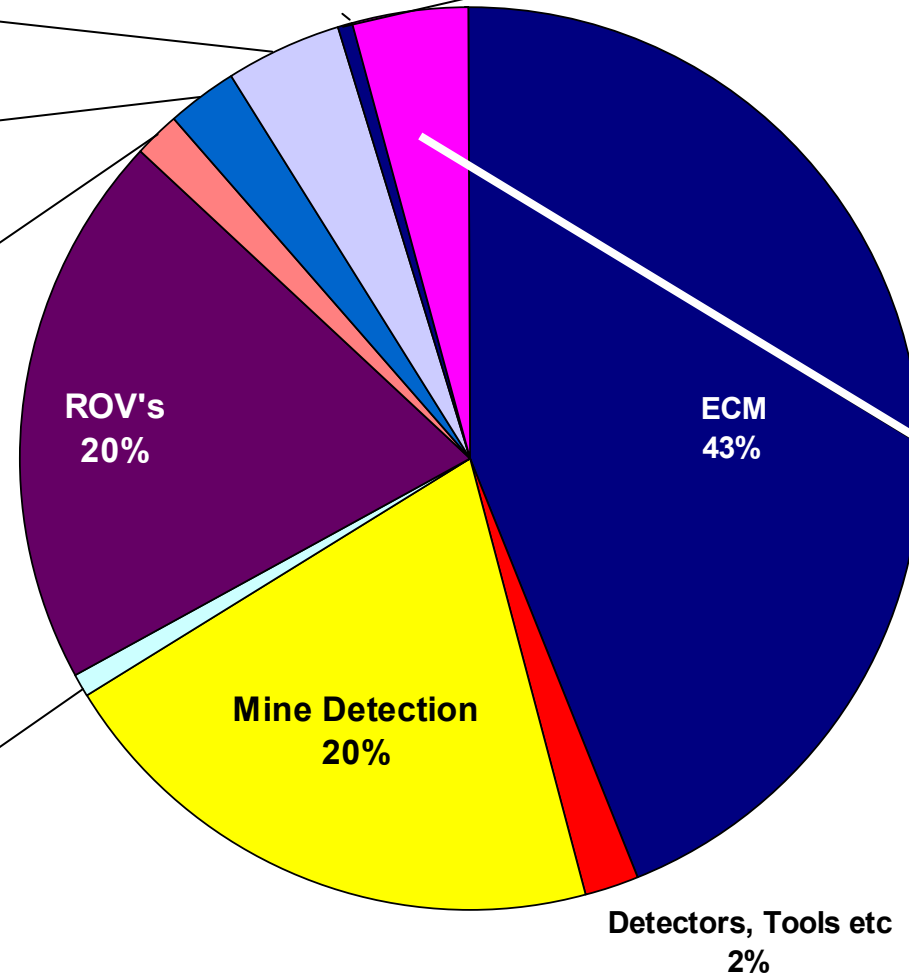
Minefield Breaching, 0.9%



Plastic Explosive, 0.6%



Demil, 4.2%



Total US & EU market £2.5bn

Corporate Strategy

Strategic Intent:

- **Build on core competences**
 - *Energetic materials*
 - *High reliability & safety*
 - *High volume manufacturing*
 - *Global defence markets*
- **Maintain US/Europe Balance**
- **Expand countermeasures**
 - *Maintain market share*
 - *Exploit lead in SMD & spectral flare*
 - *Establish lead position on new platforms*
- **Energetics focus for strong growth**
 - *Acquisitions in both US & Europe*
 - *Outsourcing opportunities from Primes*
 - *Consolidation for synergy & critical mass*

