

2025 Half year results 30 July 2025

baesystems.com



CAUTIONARY STATEMENT

All statements other than statements of historical fact included in this document, including, without limitation, those regarding the financial condition, results, operations and businesses of BAE Systems plc and its strategy, plans and objectives and the markets and economies in which it operates, are forward-looking statements. Such forward-looking statements, which reflect management's assumptions made on the basis of information available to it at this time, appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of BAE Systems plc concerning, amongst other things, its results in relation to operations, financial condition, liquidity, prospects, growth, commitments and targets (including environmental, social and governance commitments and targets) strategies and the industry in which it operates. Forward looking statements can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "intends", "will", "will continue", "should", "would be", "seeks", "anticipates" or similar expressions or the negative thereof or other variations thereof or comparable terminology. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

Forward-looking statements are not guarantees of future performance and the actual results of operations, financial condition and liquidity of BAE Systems plc, and the development of the industry in which it operates, and the ability of BAE Systems plc to meet its commitments and targets may differ materially from those made in or suggested by the forward-looking statements contained in this document. In addition, even if results of operations, financial condition and liquidity of BAE Systems plc, and the development of the industry in which it operates and/or performance against commitments and targets are consistent with the forward-looking statements contained in this document, those results, or developments or performance may not be indicative of results, or developments or performance in subsequent periods.

These forward-looking statements speak only as of the date of this document. Subject to the requirements of the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation or applicable law, BAE Systems plc explicitly disclaims any intention or obligation or undertaking publicly to release the result of any revisions to any forward-looking statements in this document that may occur due to any change in its expectations or to reflect events or circumstances after the date of it. All subsequent written and oral forward-looking statements attributable to either BAE Systems plc or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to herein and contained elsewhere in this document.

BAE Systems plc and its directors accept no liability to third parties in respect of this document save as would arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with Schedule 10A of the Financial Services and Markets Act 2000. It should be noted that Schedule 10A and Section 463 of the Companies Act 2006 contain limits on the liability of the directors of BAE Systems plc so that their liability is solely to BAE Systems plc.

About BAE Systems

We are supporting our customers so that they can stay ahead of evolving threats across land, sea, air, cyber and space. We are a workforce of 109,700¹ highly skilled people in more than 40 countries. Working with our customers and local partners, we develop, engineer, manufacture and support products and systems that deliver military capability, protect national security and keep critical information and infrastructure secure.

1) At 30 June 2025 and including share of equity accounted investments

Agenda

- Half year update

- Financial review

- Wrap-up and Q&A

- ▶ Charles Woodburn - CEO
- ▶ Brad Greve - CFO
- ▶ Charles Woodburn - CEO

2025 - half year review

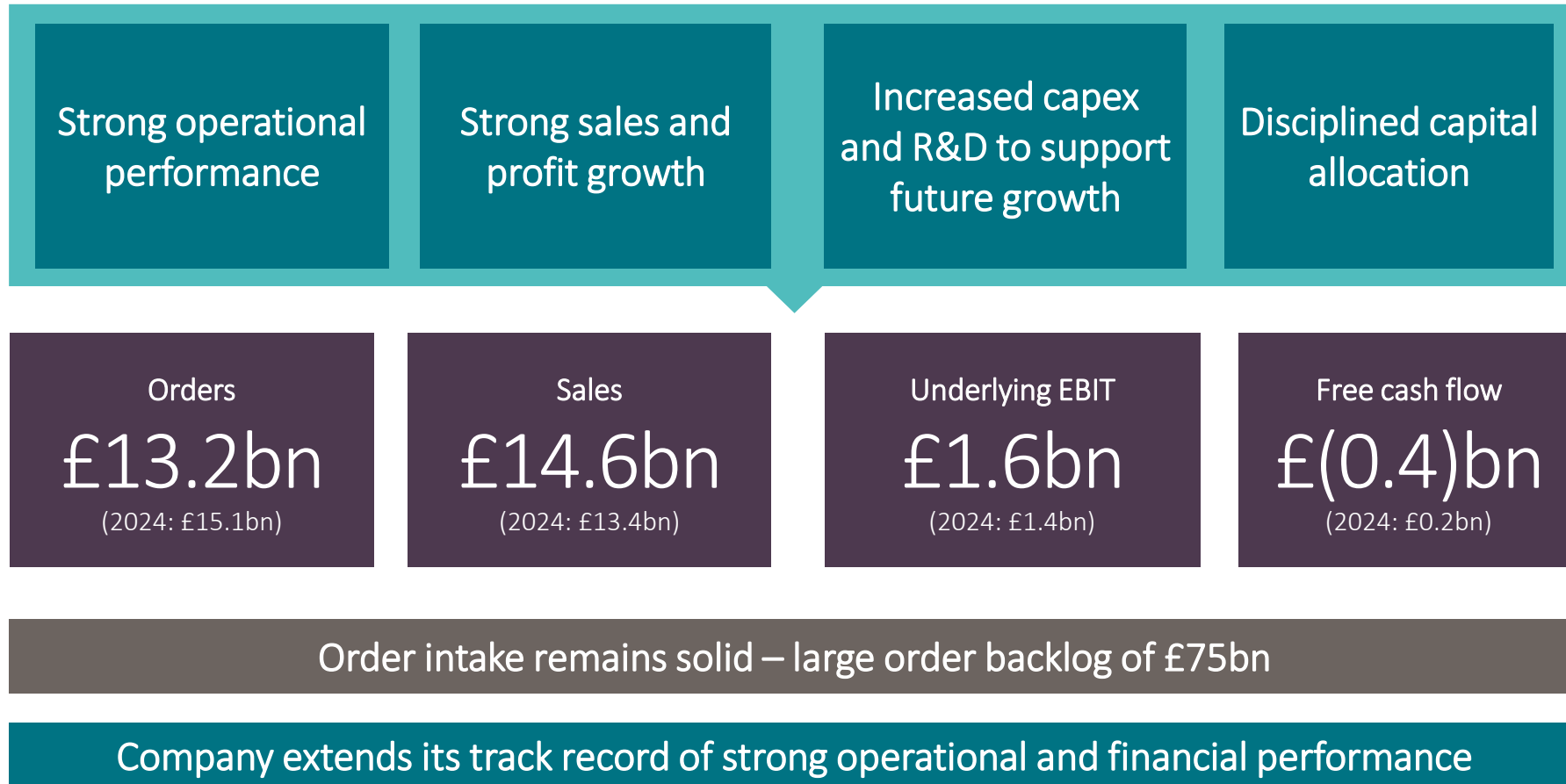
Charles Woodburn - CEO

Our three key messages today

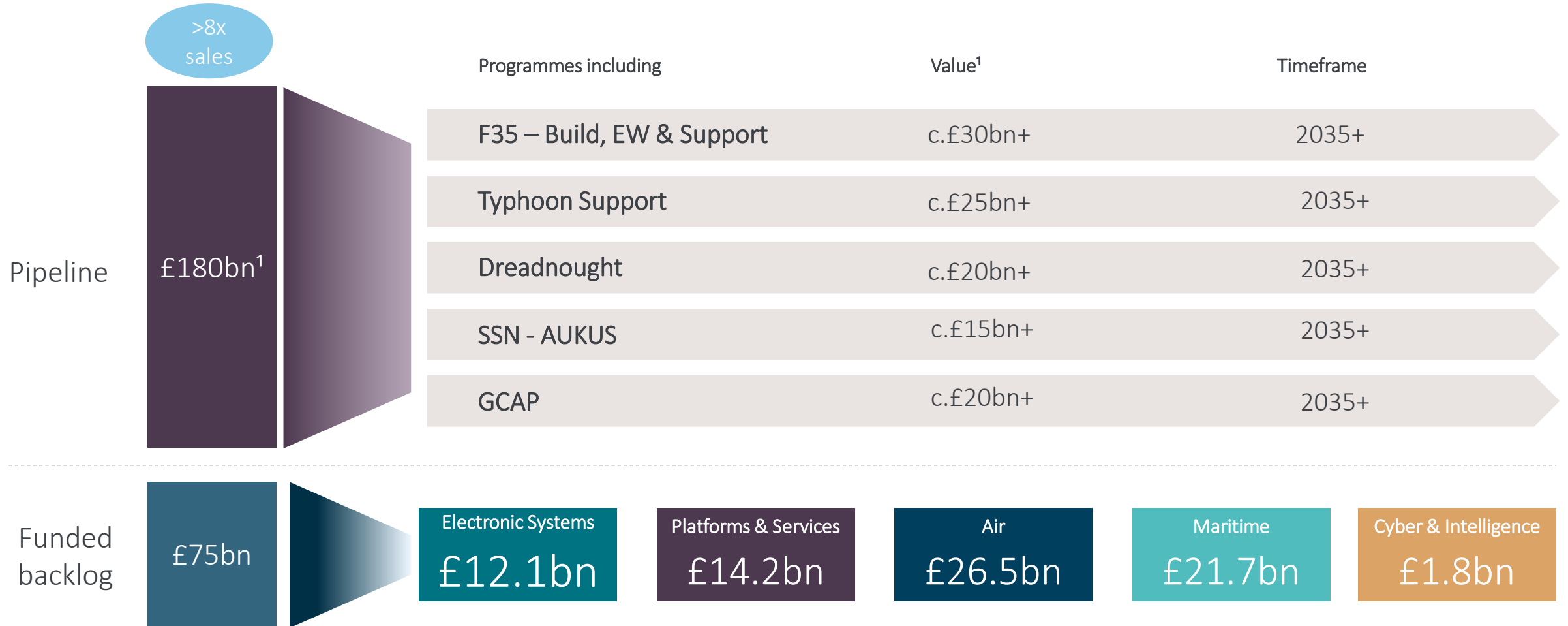
- 1 Strong operational and financial results
- 2 Our business is well positioned for the global opportunity
- 3 Increased confidence in the momentum and duration of our future growth



2025 – half year review

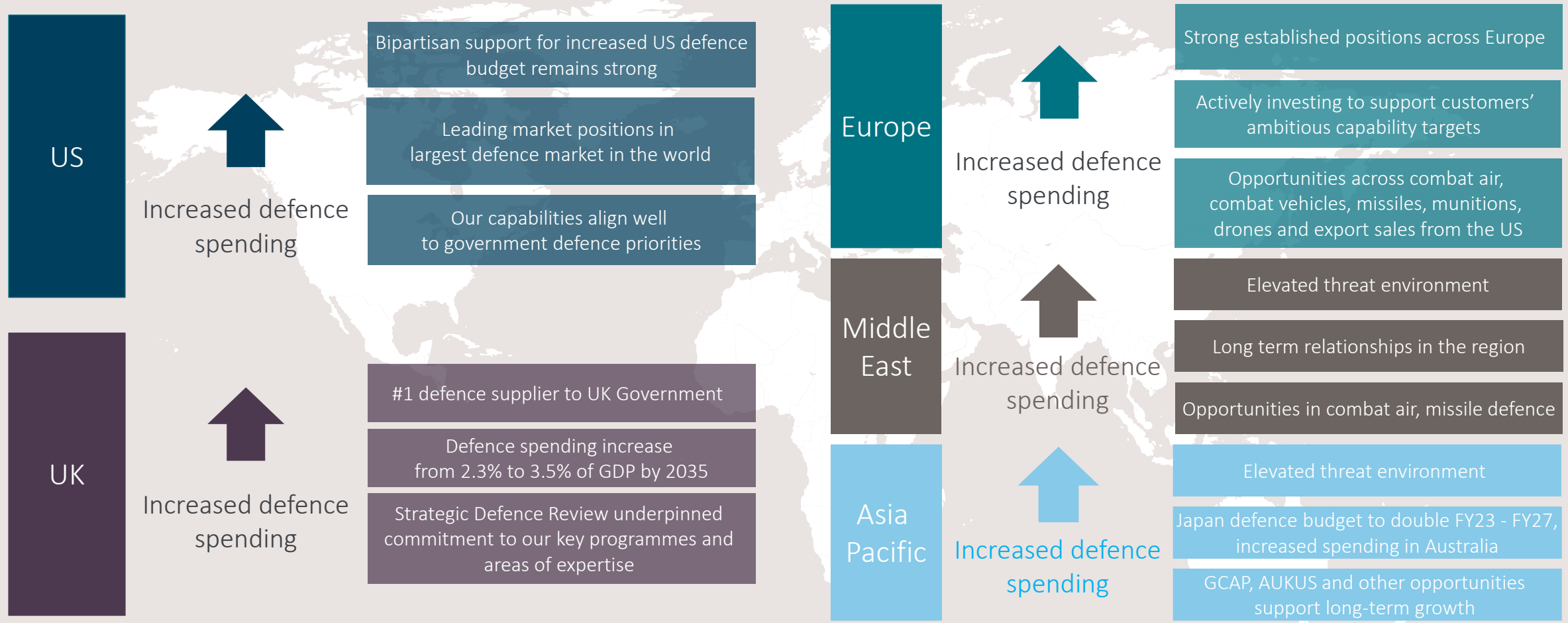


Excellent visibility and duration of growth








1) Projections are based on internal management estimates and reflect management’s current assumptions, including assumed receipt of future orders over the medium term

Global portfolio aligned to meet current and future threats



US – Strong alignment to the largest defence market in the world

US priority areas for defence	BAE proven capability	Investing to support growth	
Space	✓	SMS business acquired with key access to DoD and Intel space programmes	
Missile defence	✓	Capabilities aligned to new US Golden Dome initiative, Resilient Missile Warning & Tracking MEO Epoch 2 and THAAD, among others	
Missiles and munitions	✓	Infrastructure in place to support increased 2026+ munitions spending; operation and modernisation of US Army ammunition plants	
Counter-UAS	✓	Self-funded R&D resulted in APKWS® and TRIDON Mk2 programmes now in service; C-UAS is also a Golden Dome priority	
Naval modernisation and expansion	✓	Investments across Kentucky, Florida and South Dakota sites to support growing maritime demand, to include submarines	

Europe - well positioned for increased defence spending

Europe's critical capability gaps

Air and missile defence

Artillery systems

Ammunition and missiles

Drones and counter drone systems

AI, quantum, cyber & electronic warfare

BAE proven capability



Investing to support growth

Increasing Typhoon production rate, GCAP design & development and MBDA capex expansion

Capacity increases across Hägglunds and Bofors. UK Sheffield site opening for M777 manufacture

Significant increase in UK capacity and investment in new production processes

Key area for R&D
2024 acquisitions of Malloy, Kirintec and Callen-Lenz

Focus area for self funded R&D to advance future warfighting technology



Developing the future of defence technology

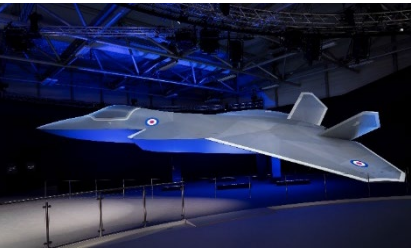
Electronic Systems



Platforms & Services



Air



Maritime



Cyber & Intelligence



Leading position in drone and counter drone technology

Drones

- 25 years + of investing in uncrewed and autonomous systems gives us significant IP
- We are now one of the leading manufacturers of military drones in Europe.
- Combat experience + manufacturing expertise + new technologies = trusted, differentiated solutions.

Counter drone

- We have range of capabilities to neutralise drones, from leading-edge electronic warfare to hard-kill.
- We provide agile solutions to rapidly meet evolving mission requirements.
- Our systems are being used in multiple deployments due to operational impact and cost effectiveness.



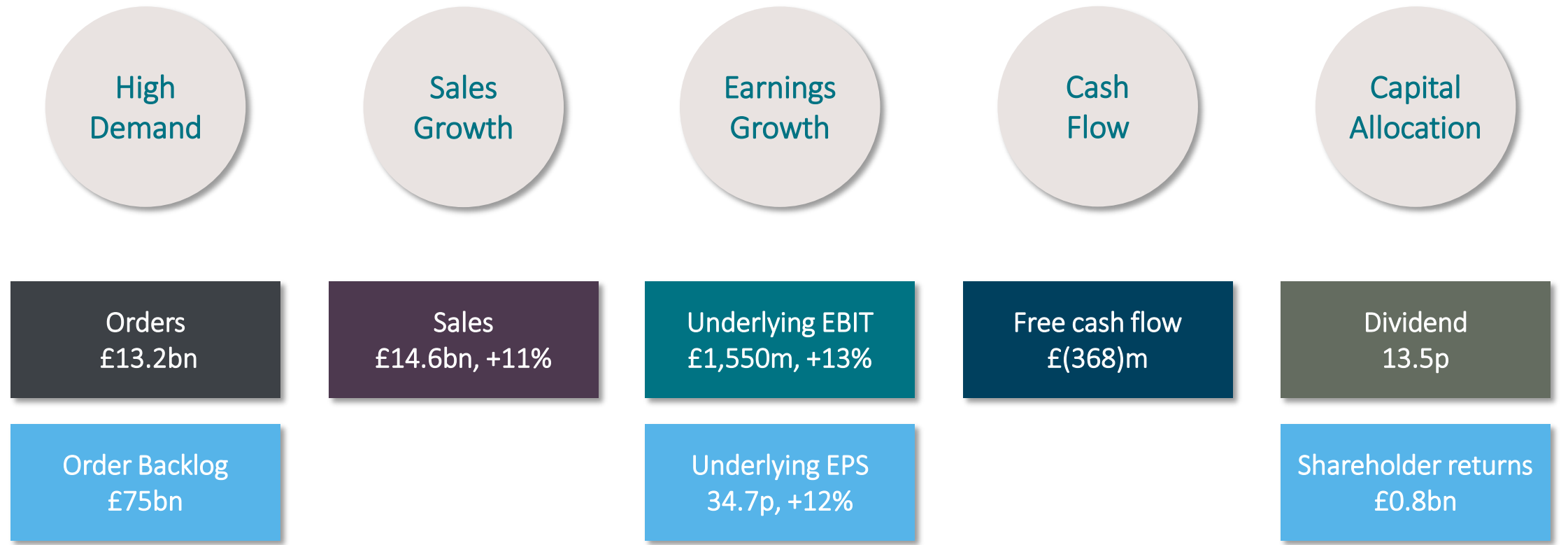
Well positioned to capitalise on opportunities in this growing market

Financial review

Brad Greve - CFO



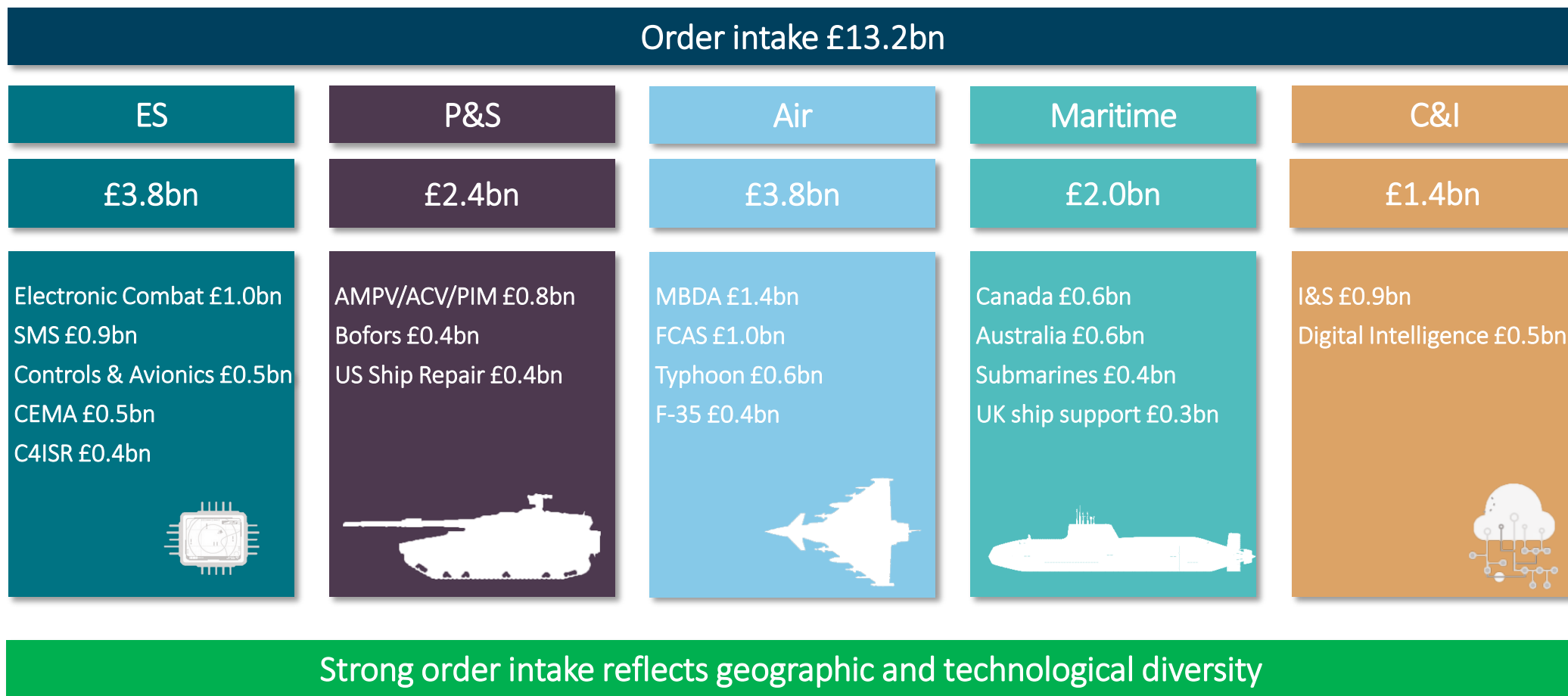
2025 half year financials



Strong first half operational performance with strong outlook

Growth % stated on a constant currency basis (USD: Jun 2025 \$1.30, Jun 2024 \$1.26)

Order intake



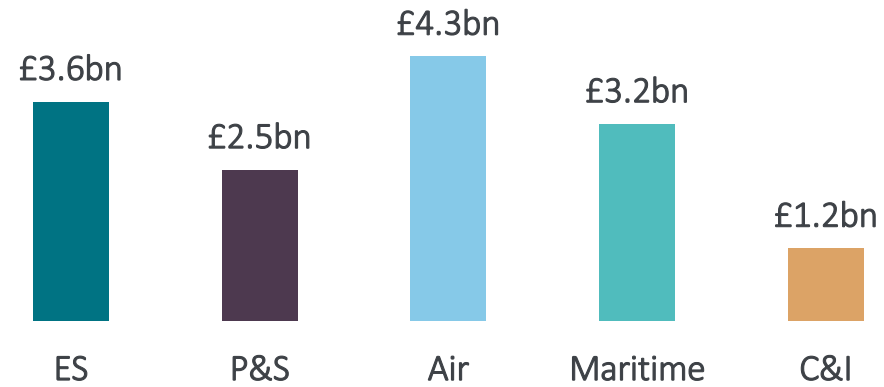
Excludes HQ & intra-group eliminations

Sales



£14.6bn

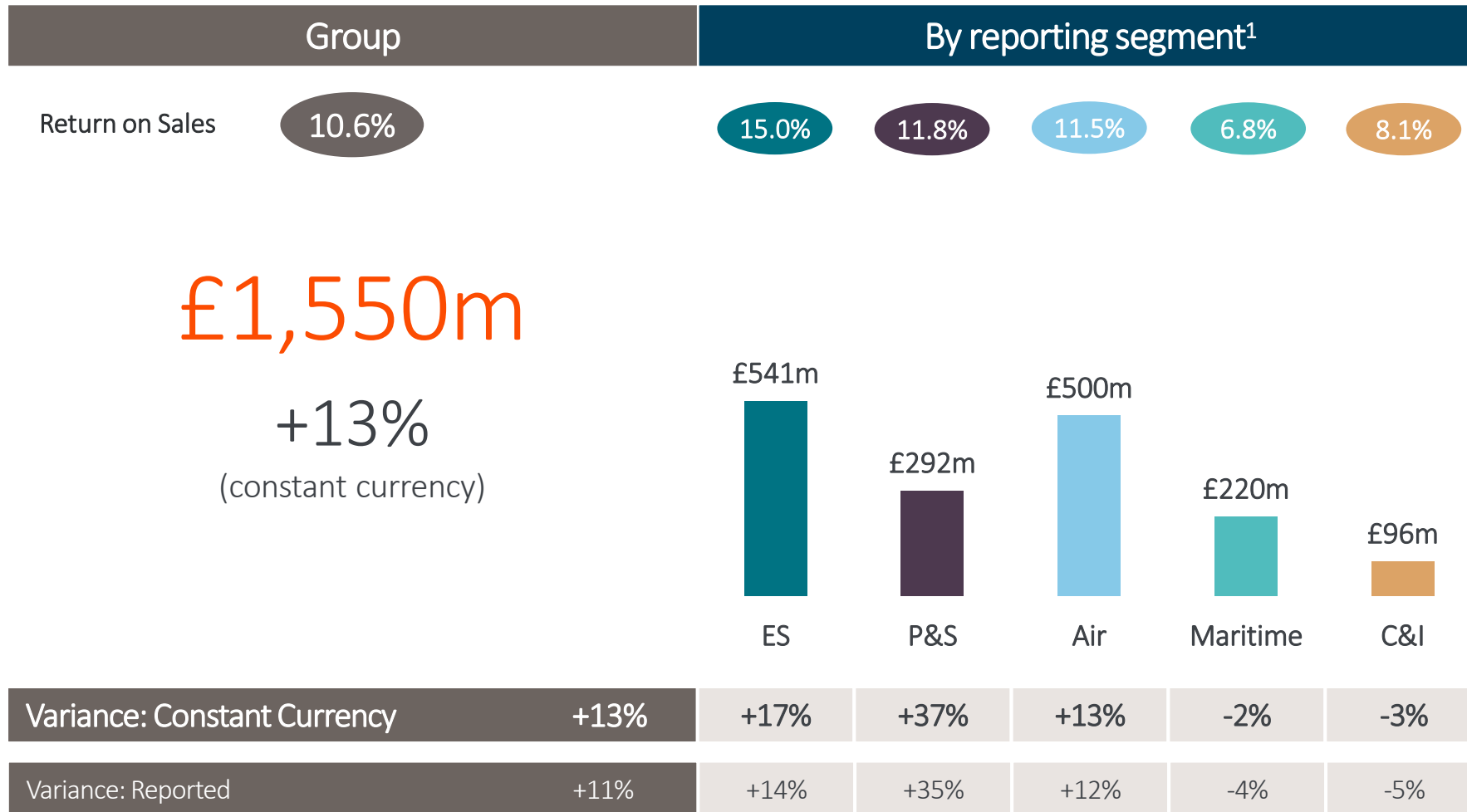
+11%
(constant currency)



Variance: Constant Currency	+11%	+9%	+21%	+9%	+12%	+2%
Variance: Reported	+9%	+6%	+19%	+8%	+10%	-%

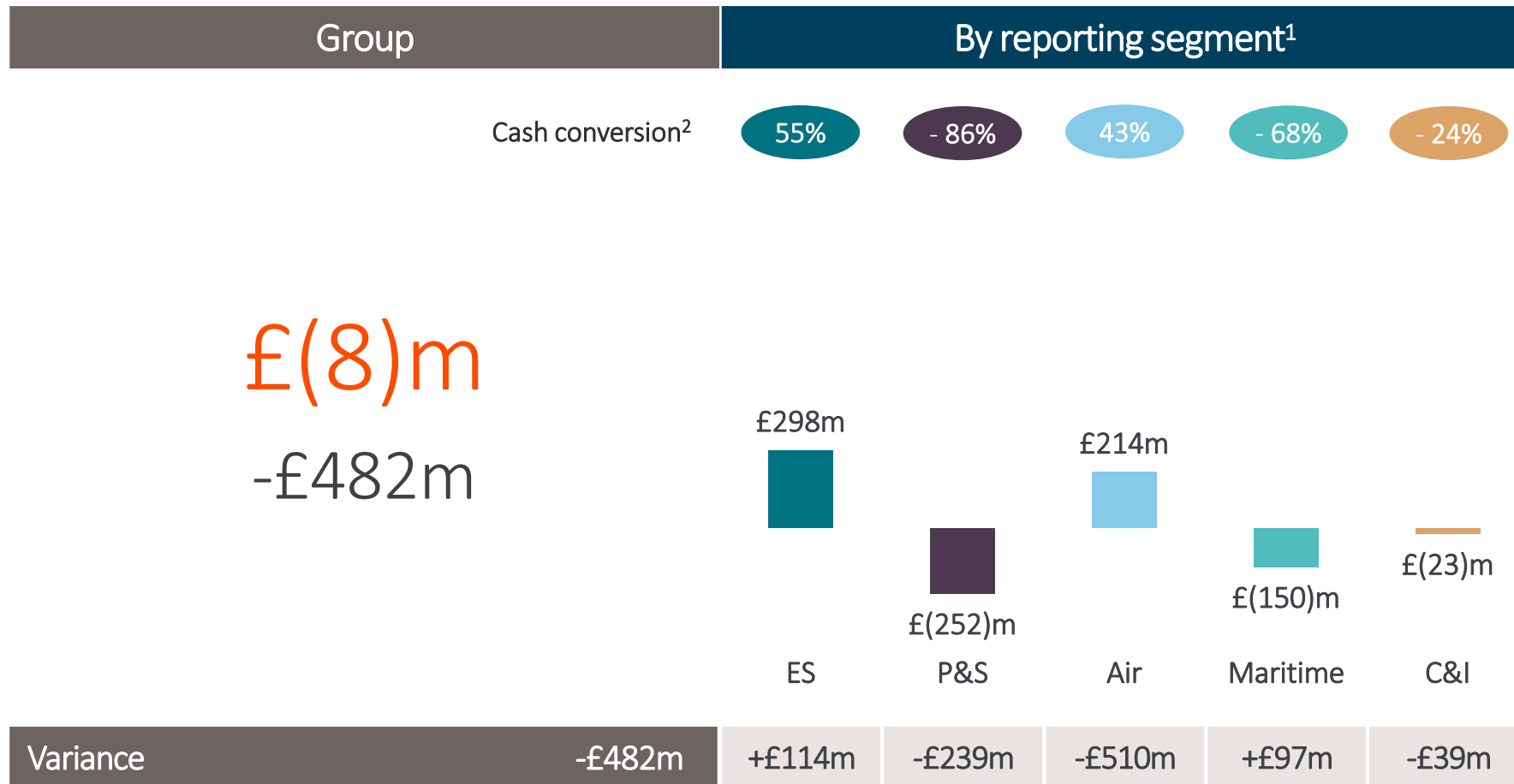
1. Excludes HQ £98m & intra-group eliminations

Underlying EBIT / Return on Sales



1. Excludes HQ £(99)m

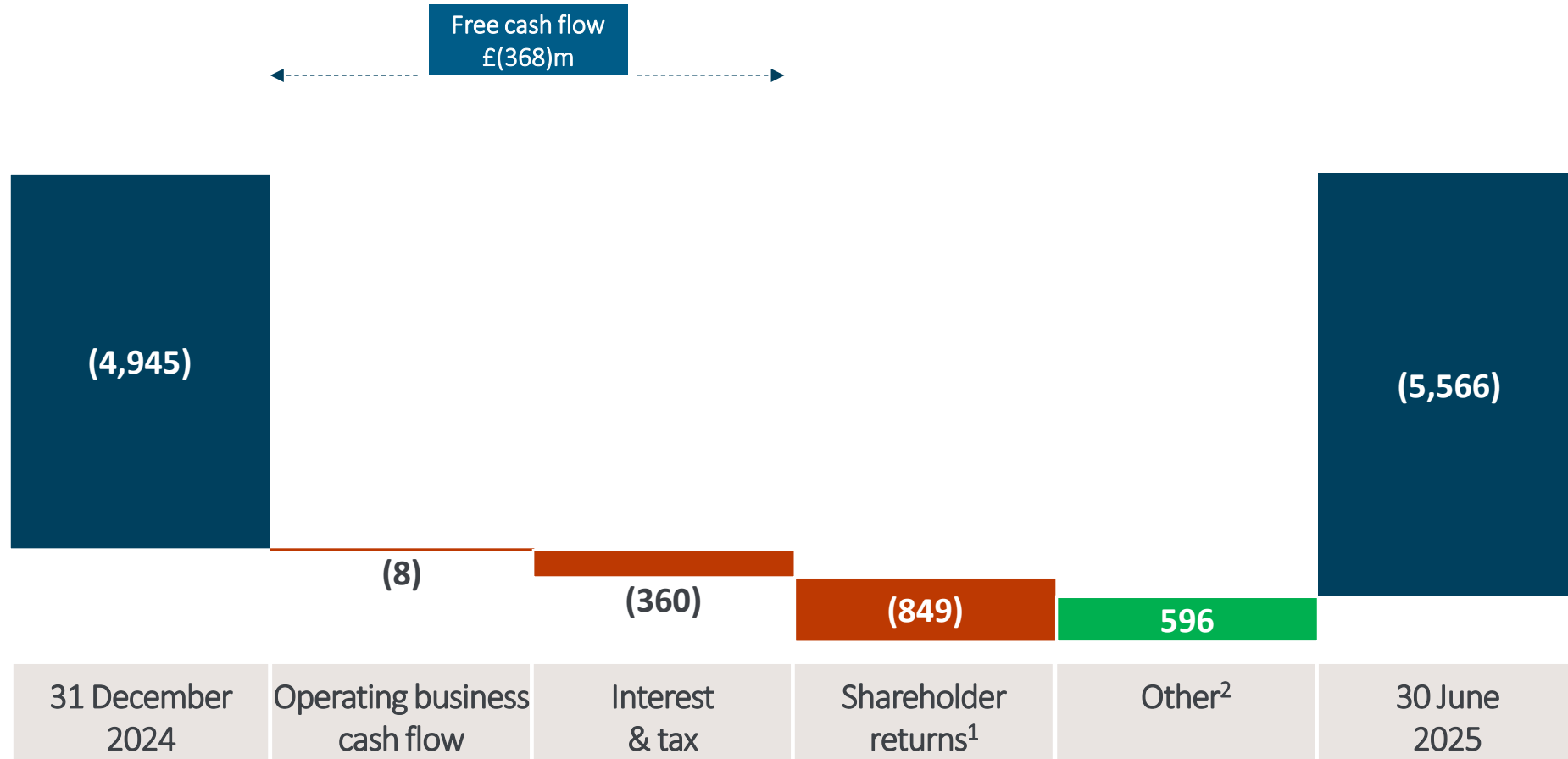
Operating business cash flow



1. Excludes HQ £(95)m

2. Defined as operating business cash flow as a percentage of underlying EBIT

Net debt (£m, excluding lease liabilities)



- 1. Dividends £622m & share buyback £227m
- 2. Primarily driven by FX-related movements

2025 Upgraded Group guidance^{1,2}

Guidance based on £1:\$1.28

Sales	Underlying EBIT	Underlying EPS	2025 Free cash flow
<p>+8% to 10%</p> <p><i>Prev: +7% to 9%</i></p> <p>(2024: £28,335m)</p>	<p>+9% to 11%</p> <p><i>Prev: +8% to 10%</i></p> <p>(2024: £3,015m)</p>	<p>+8% to 10%</p> <p><i>unchanged</i></p> <p>(2024: 68.5p)</p>	<p>>£1.1bn</p> <p><i>unchanged</i></p> <p>(2024: £2,505m)</p>

Underlying finance costs
c.£400m

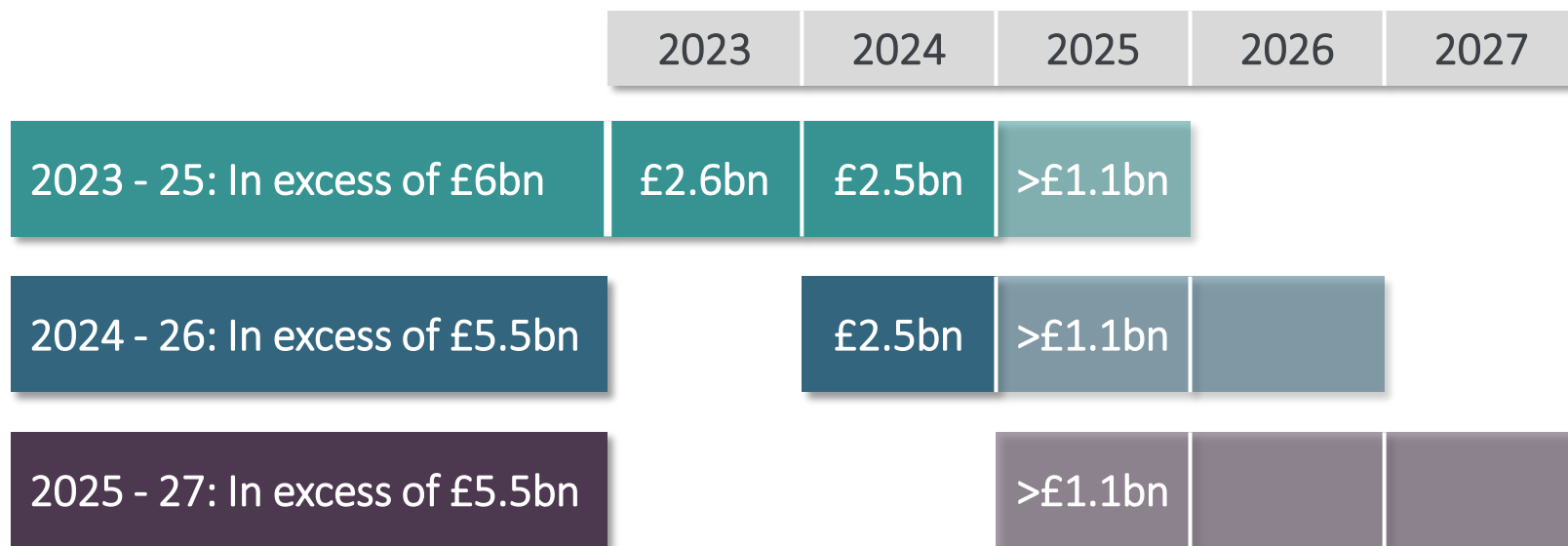
Effective tax rate
c.20%

Non-controlling interest
c.£90m

We expect another year of strong growth, reinforcing our value compounding model

1. Whilst the Group is subject to geopolitical and other uncertainties, the guidance is provided on current expected operational performance
 2. Sensitivity to 5c movement: Sales c.£525m, Underlying EBIT c.£75m, Underlying EPS c.1.4p

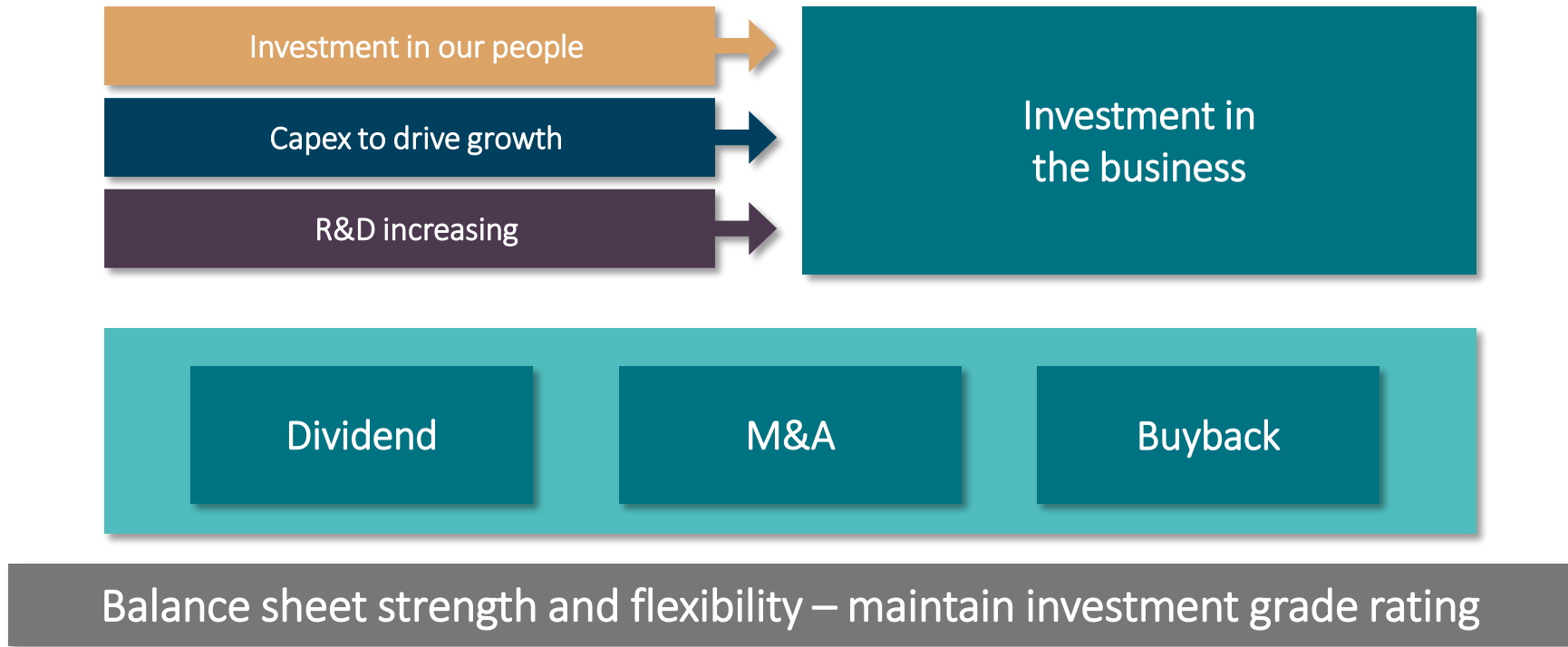
Three year free cash flow guidance¹







Three year guidance ranges show high cash generation cadence

1. Whilst the Group is subject to geopolitical and other uncertainties, the guidance is provided on current expected operational performance

Capital allocation



BAE Systems positioned for significant long-term value creation

-  Established positions in some of the largest and most attractive defence markets globally
-  Diverse portfolio and multi-domain capabilities
-  Excellent backlog and opportunity pipeline
-  Leading-edge technology and innovation
-  Structural uplift in defence spending - well positioned on multi-year programmes



-  Sustainable and visible revenue growth
-  Underlying margin progression
-  High return on capital employed
-  Strong earnings growth
-  Robust cash generation supporting good capital returns

Enhanced visibility on our value compounding model

Supplementary Information

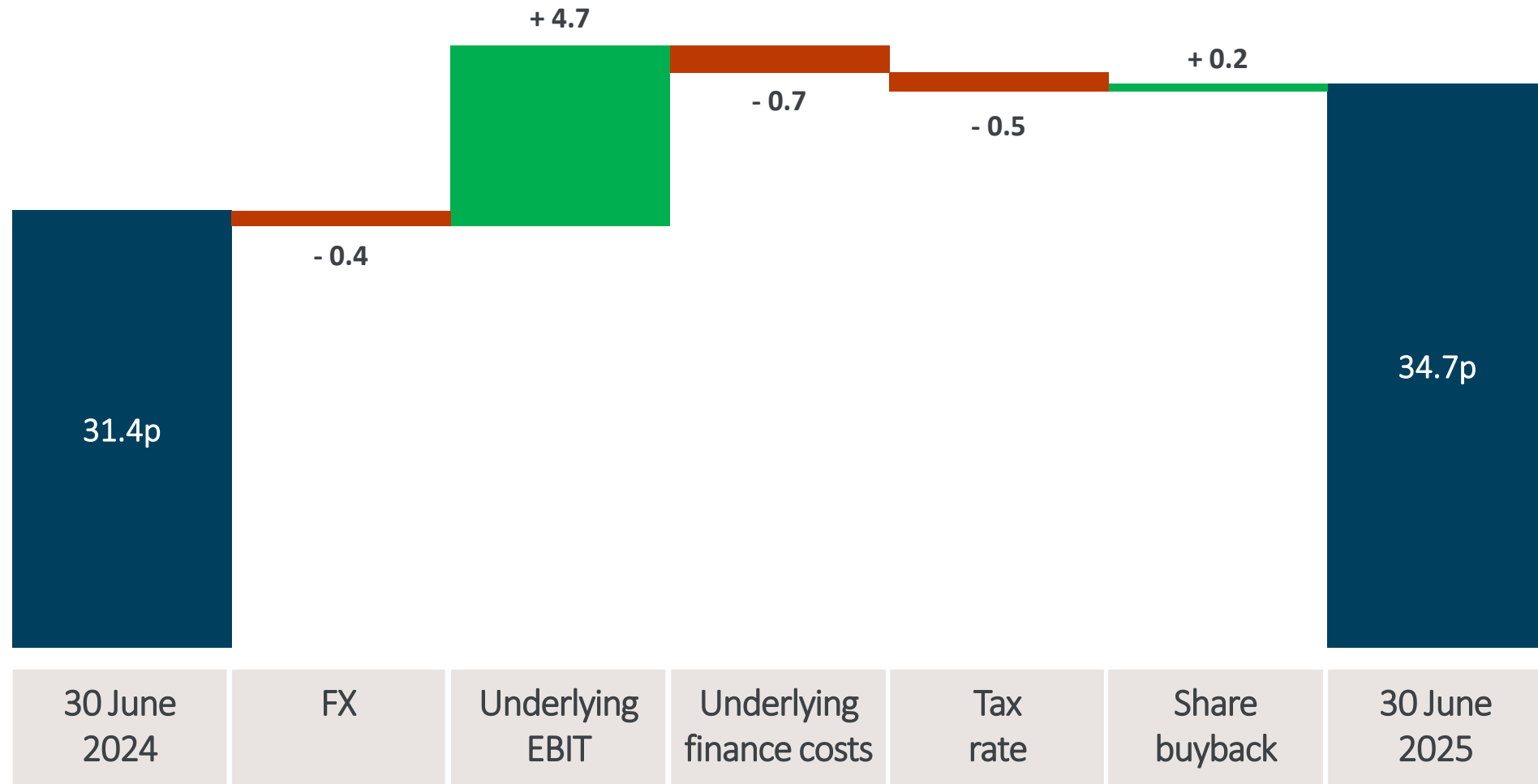
2025 half year summary financials

	Half Year 2025	Half Year 2024	Constant Currency	Reported
Order intake	£13,171m	£15,115m		
Sales	£14,621m	£13,399m	+11%	+9%
Underlying EBIT ¹	£1,550m	£1,393m	+13%	+11%
Return on Sales	10.6%	10.4%	+20bps	+20bps
Underlying EPS ²	34.7p	31.4p	+12%	+11%
Underlying tax rate	20%	19%		
Operating business cash flow ³	£(8)m	£474m		-£482m
Free cash flow ³	£(368)m	£219m		-£587m
Dividend per share	13.5p	12.4p		+9%
		<i>Full Year 2024</i>		
Order backlog	£75.4bn	£77.8bn		
Net debt (excluding lease liabilities)	£(5,566)m	£(4,945)m		
Pension surplus, net ⁴	£0.6bn	£0.8bn		

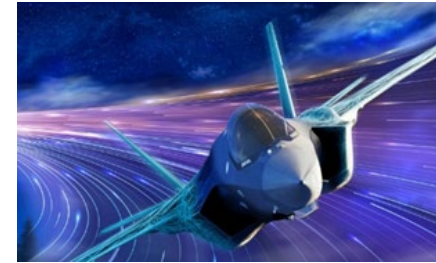
Average \$ rate: June 2025 \$1.30, June 2024 \$1.26

1. Operating profit excluding amortisation of programme, customer-related and other intangible assets, impairment of intangible assets, net finance costs & taxation expense of equity accounted investments and adjusting items
2. Basic Earnings per Share (EPS) excluding the post-tax impact of amortisation of programme, customer-related and other intangible assets, impairment of intangible assets, non-cash finance movements on pensions and financial derivatives and adjusting items attributable to shareholders
3. Free Cash Flow defined as Operating Business Cash Flow less interest paid and tax paid
4. The pension surplus is stated net of a 25% (Dec 2024 25%) withholding tax charge (£0.4bn, Dec 2024 £0.4bn) on a number of UK defined benefit pension schemes that are in an accounting surplus position.

Underlying EPS



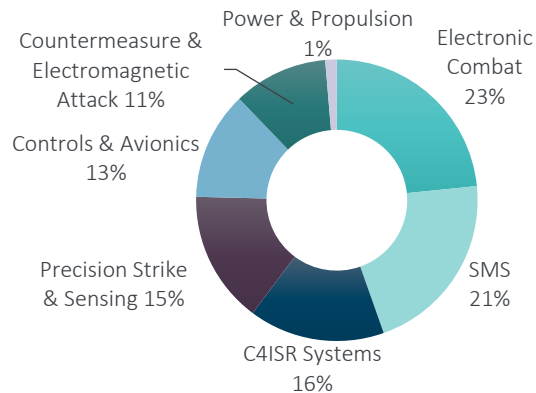
Electronic Systems



Business Description

Electronic Systems, with 22,600¹ employees, comprises the US- and UK-based Electronic Systems and the US-based Space & Mission Systems businesses. The teams deliver electronic warfare systems, navigation systems, electro-optical sensors, military and commercial digital engine and flight controls, precision guidance and seeker solutions, next-generation military communications systems and data links, persistent surveillance capabilities, space electronics and electric drive propulsion systems, as well as space electronics, spacecraft, ground systems and mission-enabling technologies

HY25 Sales by Business:



© 2025 BAE Systems. All Rights Reserved. BAE SYSTEMS is a registered trademark.

1. At 30 June 2025 and including share of equity accounted investments

Financial Performance

Half Year	2025	2024
Sales	\$4,672m	\$4,279m
Underlying EBIT	\$703m	\$598m
Return on sales	15.0%	14.0%
Operating cash flow	\$386m	\$233m
Order intake	\$5.0bn	\$4.0bn
Order backlog ²	\$16.5bn	\$15.9bn

- Sales up 9% on a constant currency basis
 - Volumes in F-35, APKWS and Compass Call
 - Full six month contribution from SMS
- Margin performance in line with guidance
- Cash flow reflects usual business cycle and ongoing capital investment

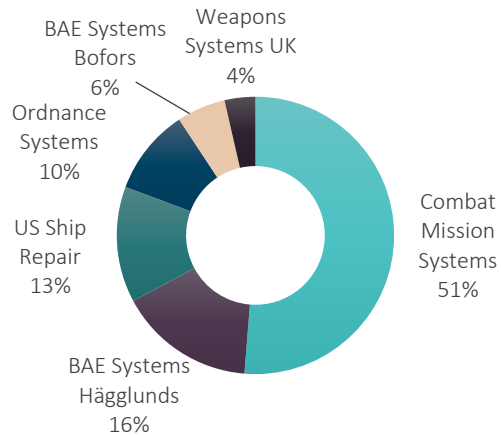
2. Order backlog comparative as at 31 December 2024

Platforms & Services

Business Description

Platforms & Services, with 11,800¹ employees and operations in the US, Sweden and UK, manufactures and upgrades combat vehicles, weapons and munitions, and delivers services and sustainment activities, including US naval ship repair and the management and operation of two government-owned, contractor-operated ammunition plants

HY25 Sales by Business:



1. At 30 June 2025 and including share of equity accounted investments



Financial Performance

Half Year	2025	2024
Sales	\$3,217m	\$2,638m
Underlying EBIT	\$379m	\$273m
Return on sales	11.8%	10.4%
Operating cash flow	\$(327)m	\$(16)m
Order intake	\$3.1bn	\$3.6bn
Order backlog ²	\$19.5bn	\$17.9bn

- Sales up 21%, on a constant currency basis, largely driven by combat vehicle volumes in the US and Sweden
- Margin benefitted from AMPV full-rate production and accretive growth in Hägglunds and Bofors
- Cash performance reflects utilisation of customer advances received in prior year, and capital investment in Hägglunds
- Order intake includes artillery orders in Bofors and further US combat vehicle awards

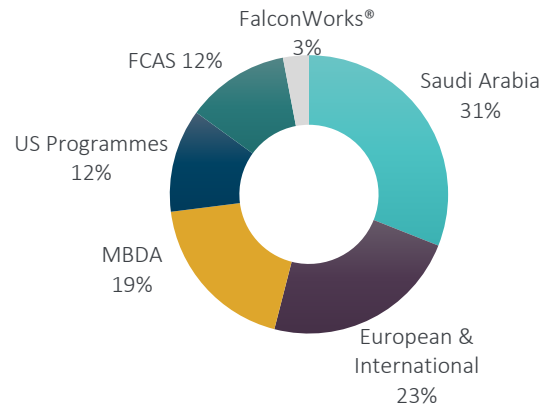
2. Order backlog comparative as at 31 December 2024

Air

Business Description

Air, with 29,100¹ employees, comprises the Group’s UK-based air build and support activities for European and international markets, US programmes, development of our Future Combat Air Systems and FalconWorks®, alongside our business in the Kingdom of Saudi Arabia and interests in our European joint ventures Eurofighter and MBDA.

HY25 Sales by Business:



1. At 30 June 2025 and including share of equity accounted investments



Financial Performance

Half Year

	2025	2024
Sales	£4,343m	£4,009m
Underlying EBIT	£500m	£446m
Return on sales	11.5%	11.1%
Operating cash flow	£214m	£724m
Order intake	£3.8bn	£2.3bn
Order backlog ²	£26.5bn	£26.8bn

- Sales up 9% on a constant currency basis
 - Ramp in FCAS/Tempest activity
 - Drone volumes
 - MBDA higher
- Continued strong margin performance
- Cash flow performance driven by utilisation of customer advances received in prior year
- Order intake reflects strong MBDA order flow & FCAS activity

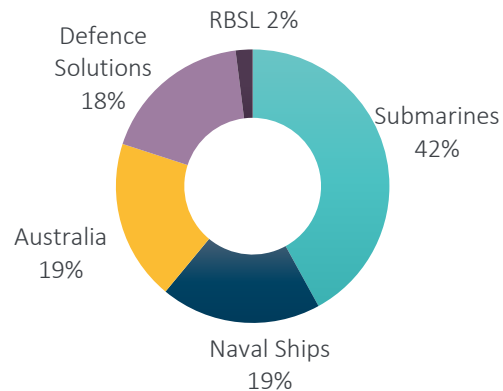
2. Order backlog comparative as at 31 December 2024

Maritime

Business Description

Maritime, with 30,800¹ employees, comprises the Group’s UK-based maritime and land activities, including ship build and support activities, major submarine build programmes, as well as our Australian business.

HY25 Sales by Business:



Financial Performance

Half Year	2025	2024
Sales	£3,233m	£2,929m
Underlying EBIT	£220m	£228m
Return on sales	6.8%	7.8%
Operating cash flow	£(150)m	£(247)m
Order intake	£2.0bn	£5.7bn
Order backlog ²	£21.7bn	£23.2bn

- Sales growth at 12% on a constant currency basis, driven by higher Type 26 volumes, growth on the Dreadnought / SSN-AUKUS programmes and strong growth in the UK munitions business
- Margin performance reflects timing of milestones in Submarines & contract-related trade-ups in Australia
- Cash performance reflects timing of customer receipts and continued investment in facilities
- Orders driven by the next phase of the Canadian River Class destroyer programme, Hobart Class combat systems upgrade in Australia, and increased orders from the Royal Navy in our Submarines business

© 2025 BAE Systems. All Rights Reserved. BAE SYSTEMS is a registered trademark.

1. At 30 June 2025 and including share of equity accounted investments

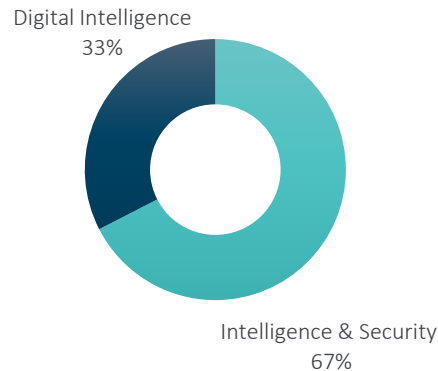
2. Order backlog comparative as at 31 December 2024

Cyber & Intelligence

Business Description

Cyber & Intelligence, with 10,800¹ employees, comprises the US-based Intelligence & Security business and UK-headquartered Digital Intelligence business, which covers the Group’s cyber security activities for national security, central government and government enterprises.

HY25 Sales by Business:



Financial Performance

Half Year	2025	2024
Sales	\$1,540m	\$1,496m
Underlying EBIT	\$125m	\$127m
Return on sales	8.1%	8.5%
Operating cash flow	\$(30)m	\$21m
Order intake	\$1.8bn	\$1.5bn
Order backlog ²	\$2.5bn	\$2.3bn

- Sales up 2% on a constant currency basis, with growth in the UK Digital Intelligence business
- Margin performance in line with expectations and reflects investments in space & multi-domain networking
- Cash performance reflects timing of working capital and capital investments

© 2025 BAE Systems. All Rights Reserved. BAE SYSTEMS is a registered trademark.

1. At 30 June 2025 and including share of equity accounted investments

2. Order backlog comparative as at 31 December 2024

2025 half year summary by reporting segment

USD FX rate of \$1.30 (backlog @ \$1.37)

	Sales £m	Underlying EBIT £m	Return on Sales %	Free cash flow ¹ £m	Order intake £bn	Order backlog £bn
Electronic Systems	3,599	541	15.0	298	3.8	12.1
Platforms & Services	2,478	292	11.8	(252)	2.4	14.2
Air	4,343	500	11.5	214	3.8	26.5
Maritime	3,233	220	6.8	(150)	2.0	21.7
Cyber & Intelligence	1,186	96	8.1	(23)	1.4	1.8
HQ	98	(99)	-	(95)	0.1	-
Eliminations	(316)	-	-	-	(0.3)	(0.9)
Interest & tax paid	-	-	-	(360)	-	-
Group	14,621	1,550	10.6	(368)	13.2	75.4

1. Free cash flow applies to Group; Reporting Segments reflect operating business cash flow

Summarised balance sheet (£m)

	30 June 2025	31 December 2024
Intangible fixed assets	15,197	16,262
Tangible fixed assets	6,481	6,636
Investments	718	906
Working capital	(5,142)	(6,386)
Pension surplus	648	768
Lease liabilities	(1,707)	(1,817)
Tax assets & liabilities	411	422
Financial assets & liabilities	(28)	(69)
Net debt	(5,566)	(4,945)
Net Assets	11,012	11,777
USD FX	\$1.37	\$1.25

Reconciliation to underlying earnings (£m)

	Half Year 2025					Half Year 2024				
	Income Statement (published)	Reclass: EAI interest & tax	Reclass: Other ¹	"Reported"	Underlying	Income Statement (published)	Reclass: EAI interest & tax	Reclass: Other ¹	"Reported"	Underlying
Operating Profit / Underlying EBIT	1,327	13	210	1,550	1,550	1,296	-	97	1,393	1,393
Other intangible amortisation/impairment			(196)	(196)				(143)	(143)	
Adjusting items			(14)	(14)				46	46	
Finance Costs - <i>underlying</i>	(234)	31	-	(203)	(203)	(207)	27	-	(180)	(180)
- <i>fair value</i>	96	1	-	97		74	(1)	-	73	
	(138)	32	-	(106)		(133)	26	-	(107)	
Profit before tax	1,189	45	-	1,234		1,163	26	-	1,189	
Tax - <i>underlying</i>				(264)	(264)				(225)	(225)
- <i>other</i>				41					24	
	(178)	(45)	-	(223)		(175)	(26)	-	(201)	
Non-controlling interest	(42)	-	-	(42)	(42)	(40)	-	-	(40)	(40)
Earnings – Basic / Underlying	969	-	-	969	1,041	948	-	-	948	948
Weighted average number of shares (m)	2,999				2,999	3,016				3,016
EPS – Basic / Underlying	32.3p				34.7p	31.4p				31.4p

1. Other includes amortisation of programme, customer-related and other intangible assets, impairment of intangible assets, and adjusting items