

# 2025 Preliminary Results



18 February 2026

# Cautionary statement

## Cautionary Statement

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## About BAE Systems

At BAE Systems, we provide some of the world's most advanced, technology-led defence, aerospace and security solutions. We are a workforce of 111,400<sup>1</sup> 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. As at 31 December 2025 and including share of equity accounted investments.

# Agenda

2025 review & update

Charles Woodburn, CEO

US update

Tom Arseneault  
President & CEO Inc.

Financial review

Brad Greve, CFO

Wrap-up and Q&A

Charles Woodburn, CEO

# 2025 A year in review

Charles Woodburn, CEO



## Our three key messages today

1

Strong operational and financial results

2

Well positioned for global defence needs

3

Excellent visibility of long-term growth

# 2025 – another strong operational and financial performance

Strong operational performance

Strong sales and profit growth

Increased capex and R&D to support future growth

Disciplined capital allocation

Orders  
**£36.8bn**  
2024: £33.7bn

Underlying EBIT  
**£3.3bn**  
2024: £3.0bn

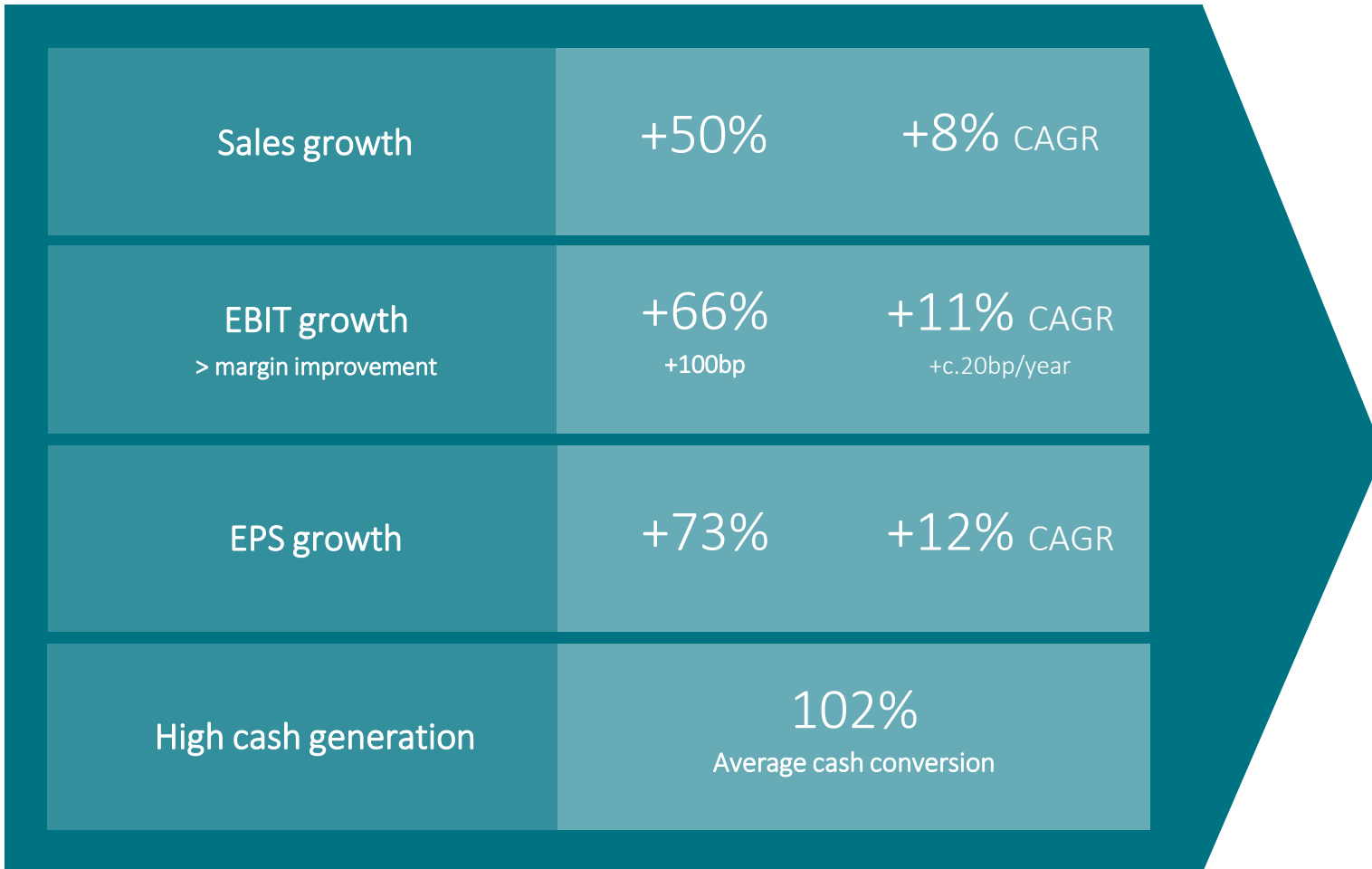
Sales  
**£30.7bn**  
2024: £28.3bn

Free cash flow  
**£2.2bn**  
2024: £2.5bn

Strong order intake  
Order backlog grown to new record of  
**£84bn**

# Our value compounding model in action

Over the last 5 years



# Global portfolio well positioned to meet current and future threats



## US

- Significant increase in US defence budget proposed
- Leading positions in largest defence market in the world
- Capabilities align well to government defence priorities



Increased defence spending

## UK

- Defence spending increase from 2.3% to 3.5% of GDP by 2035
- #1 defence supplier to UK Government
- Strategic Defence Review underpinned commitment to our key programmes and areas of expertise



Increased defence spending

## Europe

- Strong established positions across Europe
- Actively investing to support customers' rebuild defence readiness
- Opportunities across combat air, vehicles, missiles, munitions, drones



Increased defence spending

## Middle East

- Elevated threat environment
- Long term relationships in the region – a differentiator
- Opportunities in combat air, missile defence



Increased defence spending

## Asia Pacific

- Elevated threat environment
- Japan defence budget to double to FY27; increased spending in Australia
- Largest defence contractor in Australia
- GCAP, AUKUS and other opportunities support long-term growth



Increased defence spending

# Europe – strongly positioned for increased defence spending

European sales in 2025

£3.6bn

+26% year-on-year

European order intake in 2025

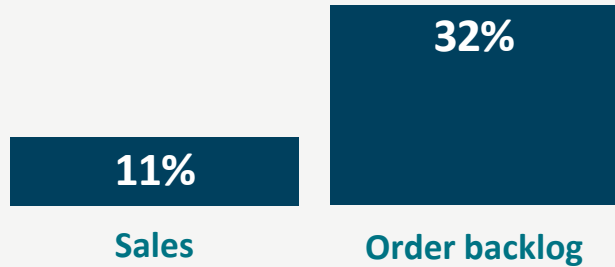
£7.5bn

20% of group

European order backlog

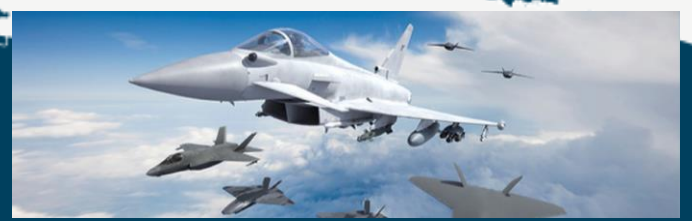
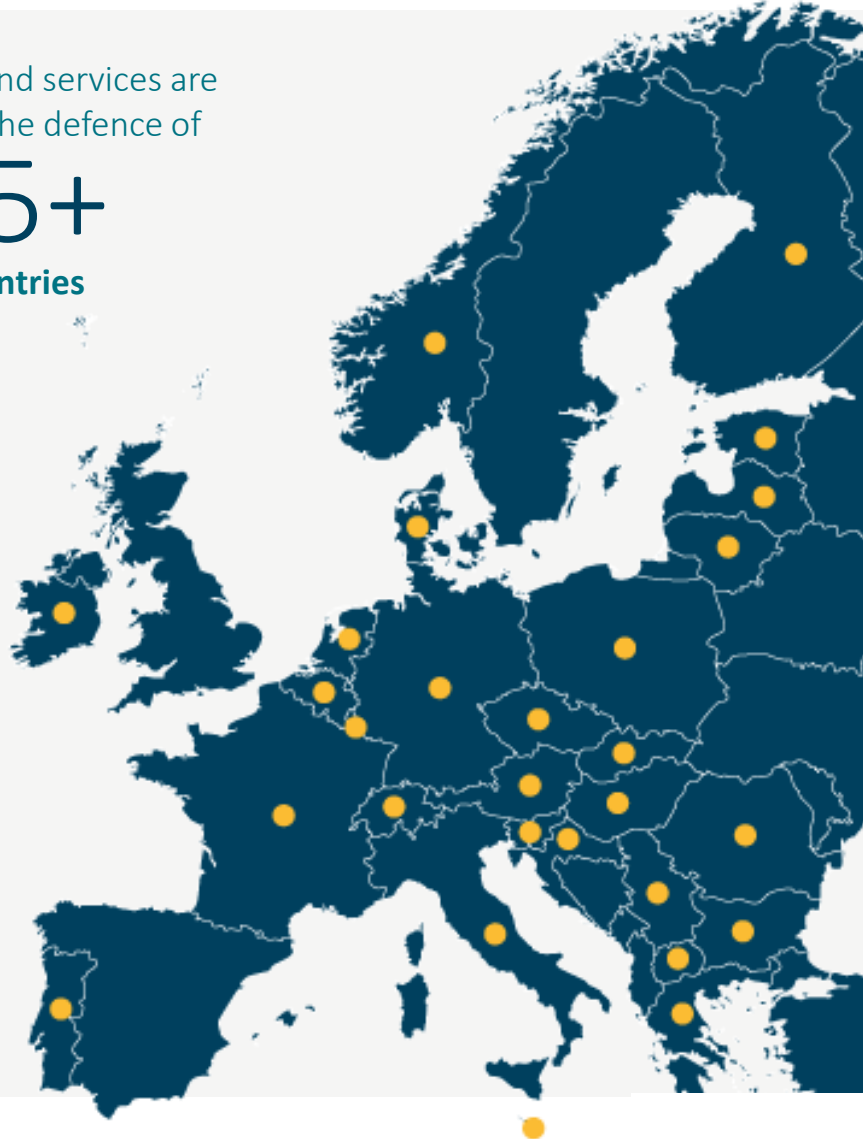
£27bn

Europe as a proportion of group



Equipment and services are integral to the defence of

25+ countries



Combat aircraft



Missile and air defence



Drones and counterdrones



Combat vehicles and artillery

# MBDA: A strongly positioned leader in missiles & missile systems

- Unique supplier, offering the full missile portfolio
- Global presence supported by strategic partnerships
- A world leader in missiles systems, # 1 player in Europe
- A flagship of defence industrial European collaboration
- Expanding to cover full spectrum of effectors (including: laser, loitering munitions)

## MBDA's critical role in defence

- Delivering European cooperative programmes
- Securing sovereign capabilities for our home nations<sup>1</sup>
- Bringing operational advantage to NATO and allies



Air dominance

Weapons for >10 combat aircrafts (including Typhoon, Rafale, Gripen, KF21)



Air defence

Land & naval capabilities from C-UAS, VSHORAD to MRAD (including anti-ballistic)



Tactical strike & battlefield

Proven combat capability for battlefield and air-to-ground

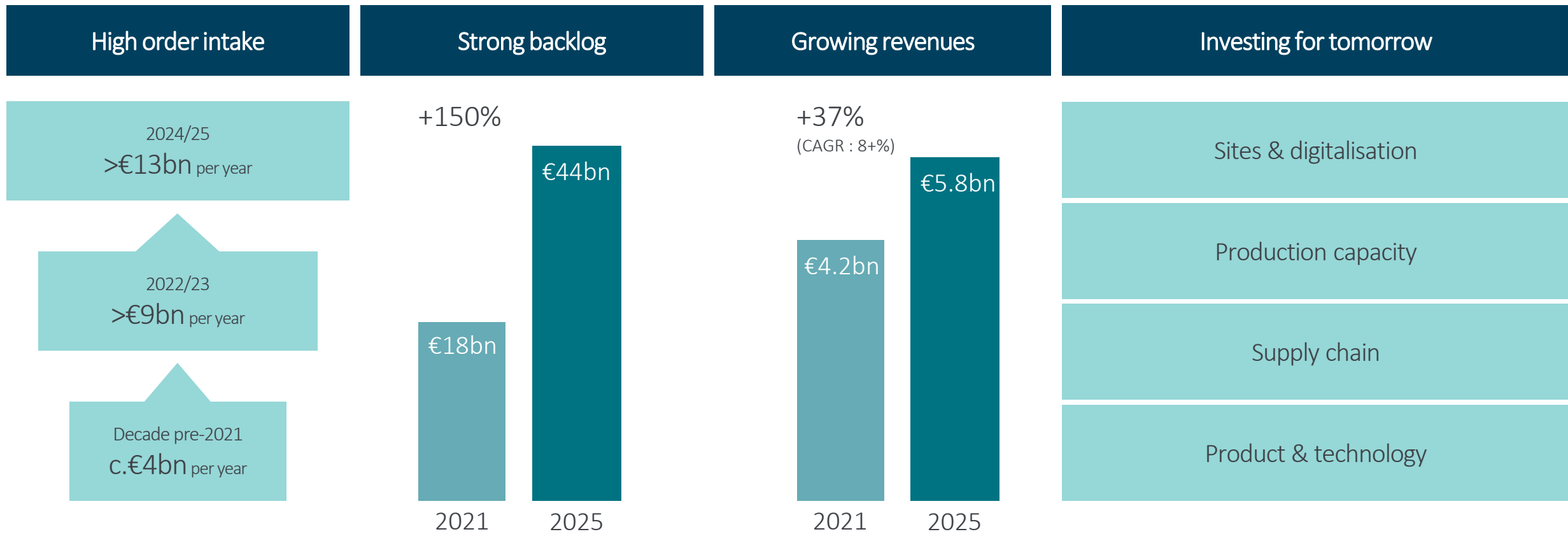


Deep strike

Complete array of deep strike precision products (including Taurus, SS/Scalp, Deterrence)

1. MBDA home nations are UK, Germany, France and Italy

# MBDA: Large and growing business investing for next phase



Strong revenue growth outlook, supported by backlog and investment

1. Figures are for total MBDA. BAE Systems share is 37.5%, Airbus is 37.5%, Leonardo is 25%

# US update

Tom Arseneault  
President & CEO Inc.



# Strong alignment to US priorities in the largest defence market in the world

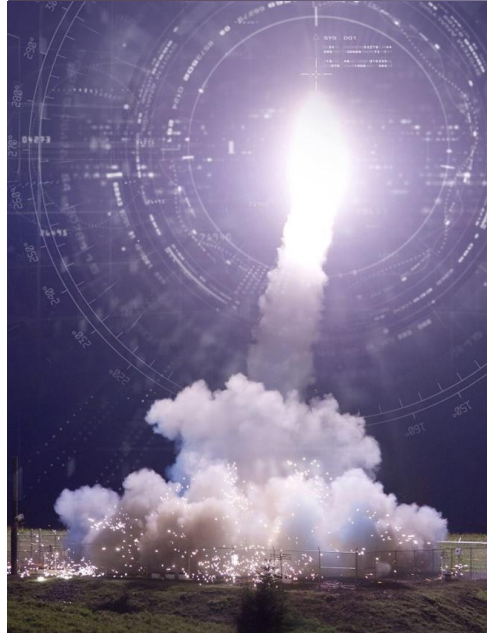
## Space & Golden Dome

Extensive expertise in key capabilities and missions that underpin Golden Dome



## Munitions

Positioned to support increased munitions demand



## Counter-UAS

Advances in cost-effective counter-UAS capabilities



## Naval expansion

Investments in Kentucky, Florida and South Dakota sites aligned to growing maritime demand



# Investing in US capacity and innovation to support future growth

## Driving growth

Since 2020:

Capex investments

**\$4bn**

Increased workforce

**c.14%**

Increased footprint

**+2m ft<sup>2</sup>**

Portfolio enhancements

**\$7bn**



### Microelectronics

On pace to triple production capacity

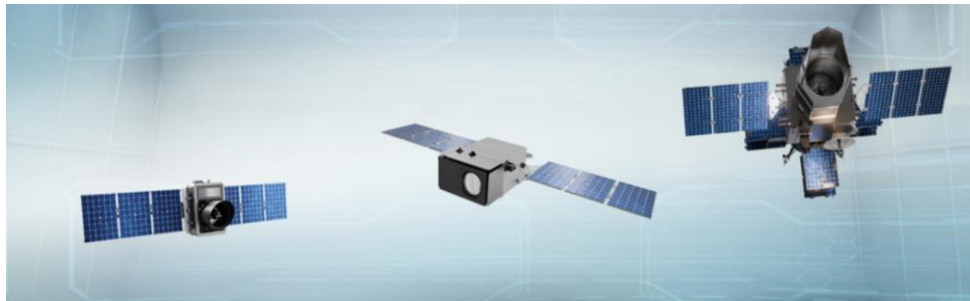
**3x**  
Capacity



### Naval expansion

Shiplift increases Jacksonville capacity three-fold

**3x**  
Capacity



### Space

Developed Elevation™ spacecraft series

**Innovation**



### Combat vehicles

Anticipate doubling production this year over 2024 levels

**2x**  
Capacity

# Investing in technology for today and tomorrow

Technology is at the core of our value proposition



## Technology today

Rapid transition from concepts to reality,  
enabling near-term deployment



## Innovating for the future

Investing in tomorrow to continuously broaden  
our capabilities via the next gen of defence  
technology



## Efficiency through innovation

Investing in solutions that save time and  
costs, while enabling greater agility for  
ourselves and our customers

# Developing the future of defence technology – Established expertise and software capability give competitive advantage

Understand the operational need

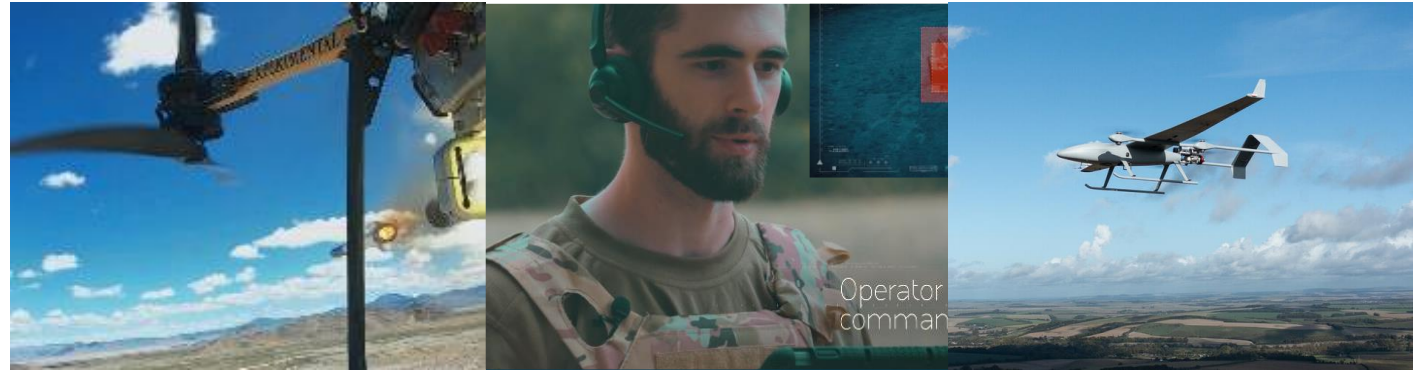
Understand the operating environment

Agile software capability

Differentiated hardware performance

Rapid & assured integration

Scale at pace



Trusted, differentiated solutions that work in combat environments.



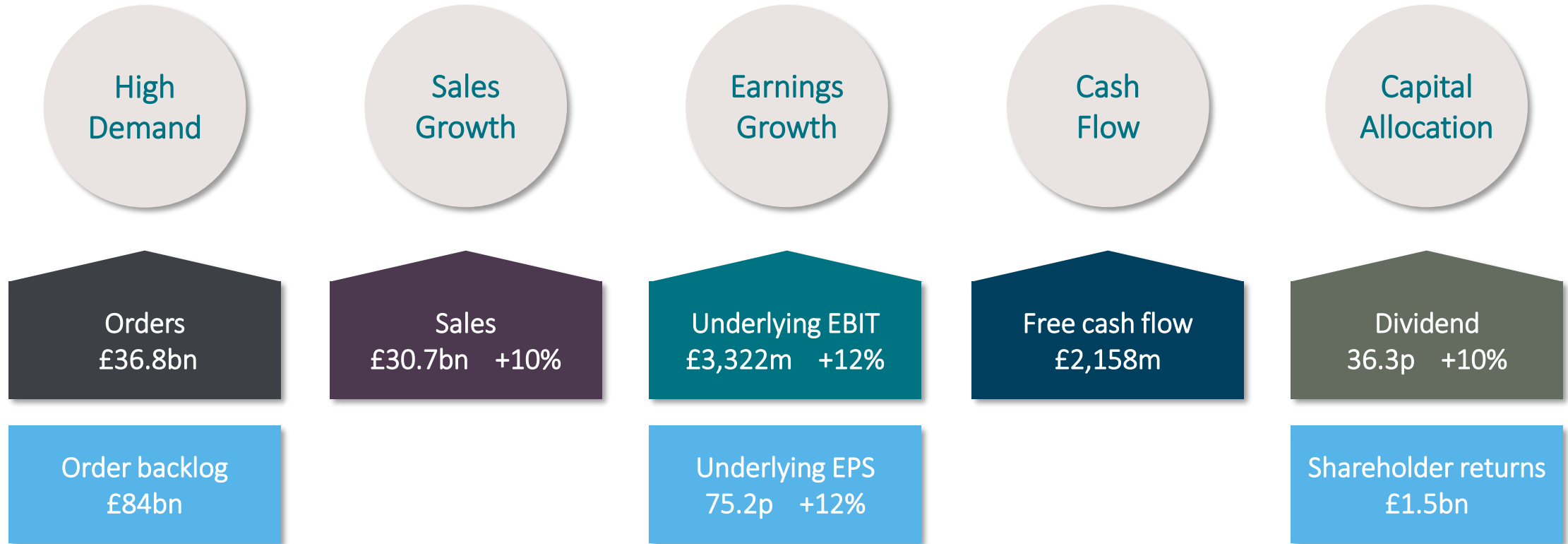
Combination of extensive multi-domain knowledge and software capability gives competitive advantage

# Financial review

Brad Greve, CFO



# 2025 – a year of strong financial outcomes



Note: Growth % stated on a constant currency basis (USD: 2025 \$1.32, 2024 \$1.28)

# Strong order intake across geographies and domains

## Order intake £36.8bn

**ES**  
**£8.7bn**

SMS £2.0bn  
Electronic Combat £1.9bn  
C4ISR £1.3bn  
Controls & Avionics £1.1bn  
Precision Strike £1.1bn



**P&S**  
**£6.2bn**

US combat vehicles £2.2bn  
US Navy support £1.2bn  
US munitions £0.7bn  
Bofors £0.6bn  
CV90 £0.5bn



**Air**  
**£14.6bn**

Typhoon Türkiye £4.2bn  
MBDA £4.2bn  
Other Typhoon £2.8bn  
F-35 £1.5bn  
FCAS £1.1bn



**Maritime**  
**£5.0bn**

Submarines £1.9bn  
Australia £0.9bn  
Canada £0.8bn  
UK ship support £0.4bn



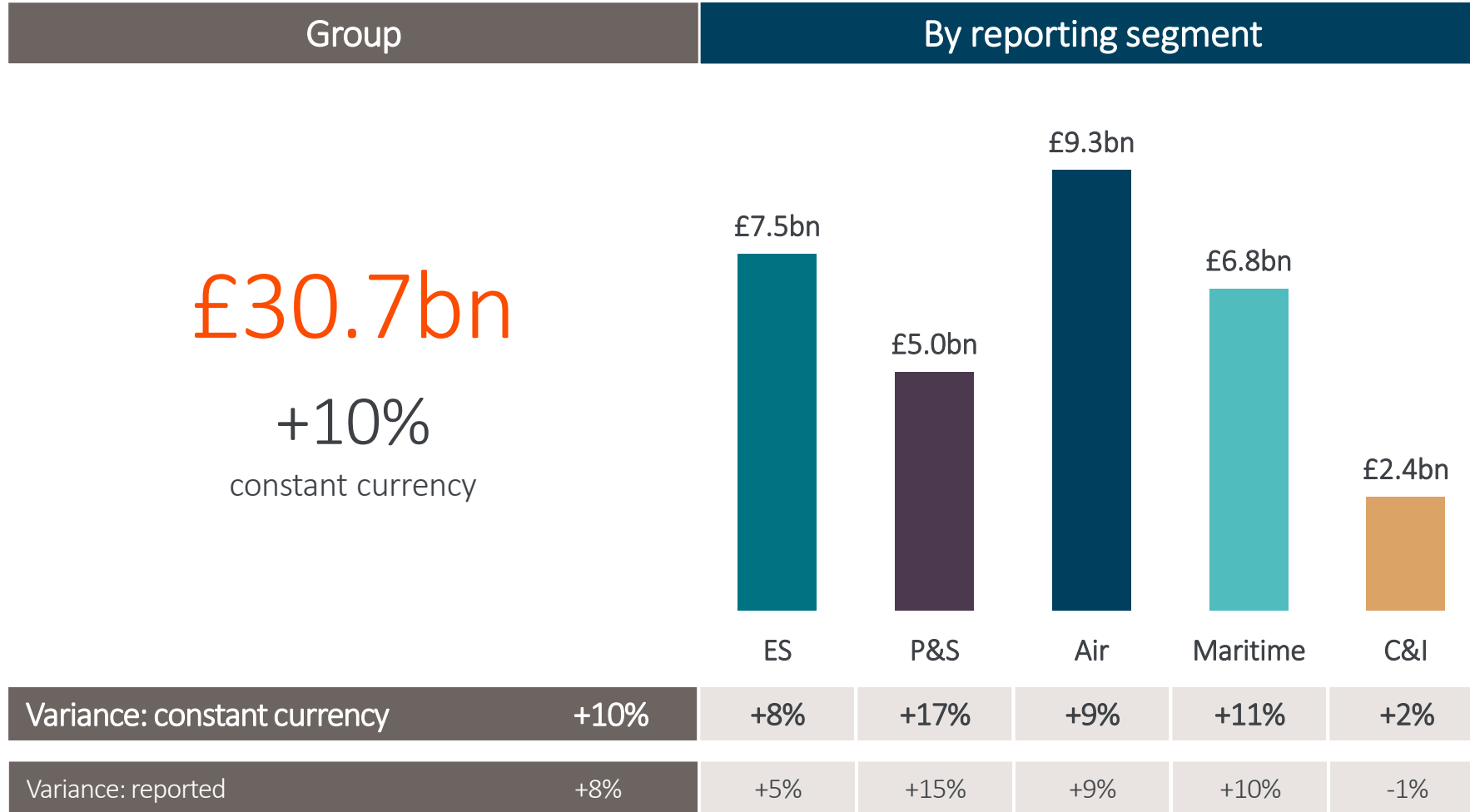
**C&I**  
**£2.7bn**

I&S £1.7bn  
Digital Intelligence £1.0bn



Note: Excludes HQ & intra-group eliminations

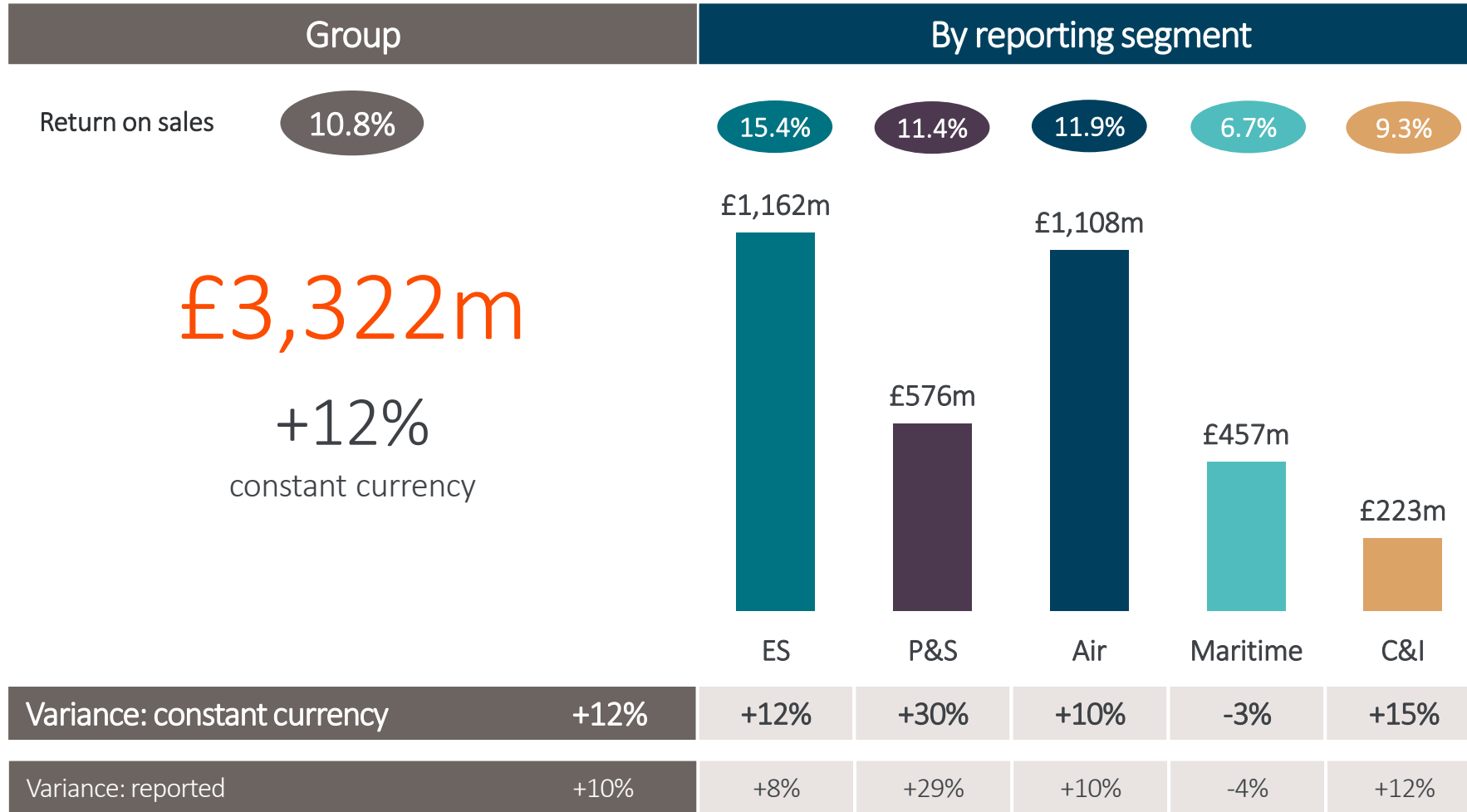
# Sales



*Notes:*

- 1. Chart above excludes HQ £0.2bn & intra-group eliminations
- 2. Group organic growth is +9%

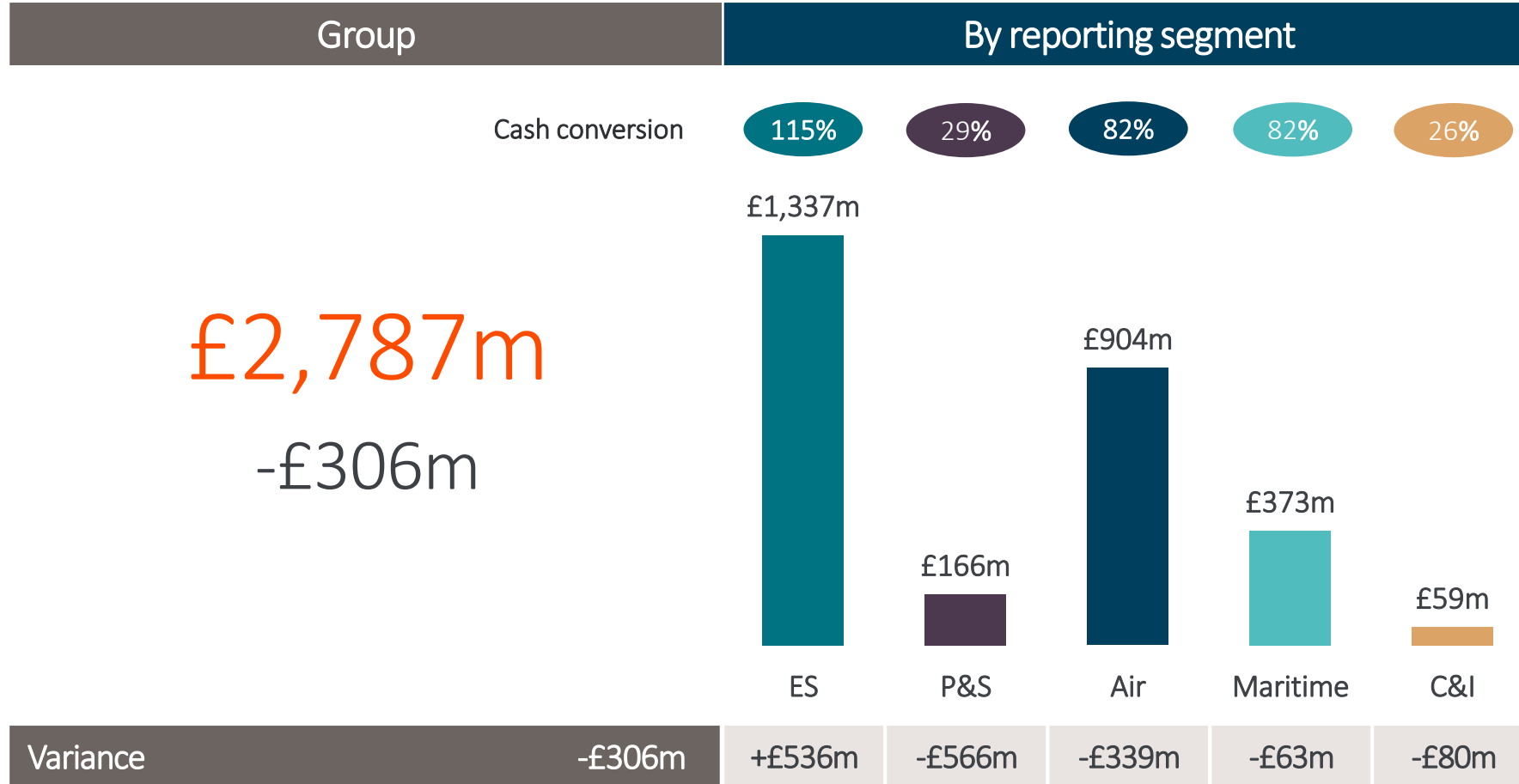
# Underlying EBIT / Return on Sales



Notes:

1. Chart above excludes HQ £(204)m
2. Group organic growth is +11%

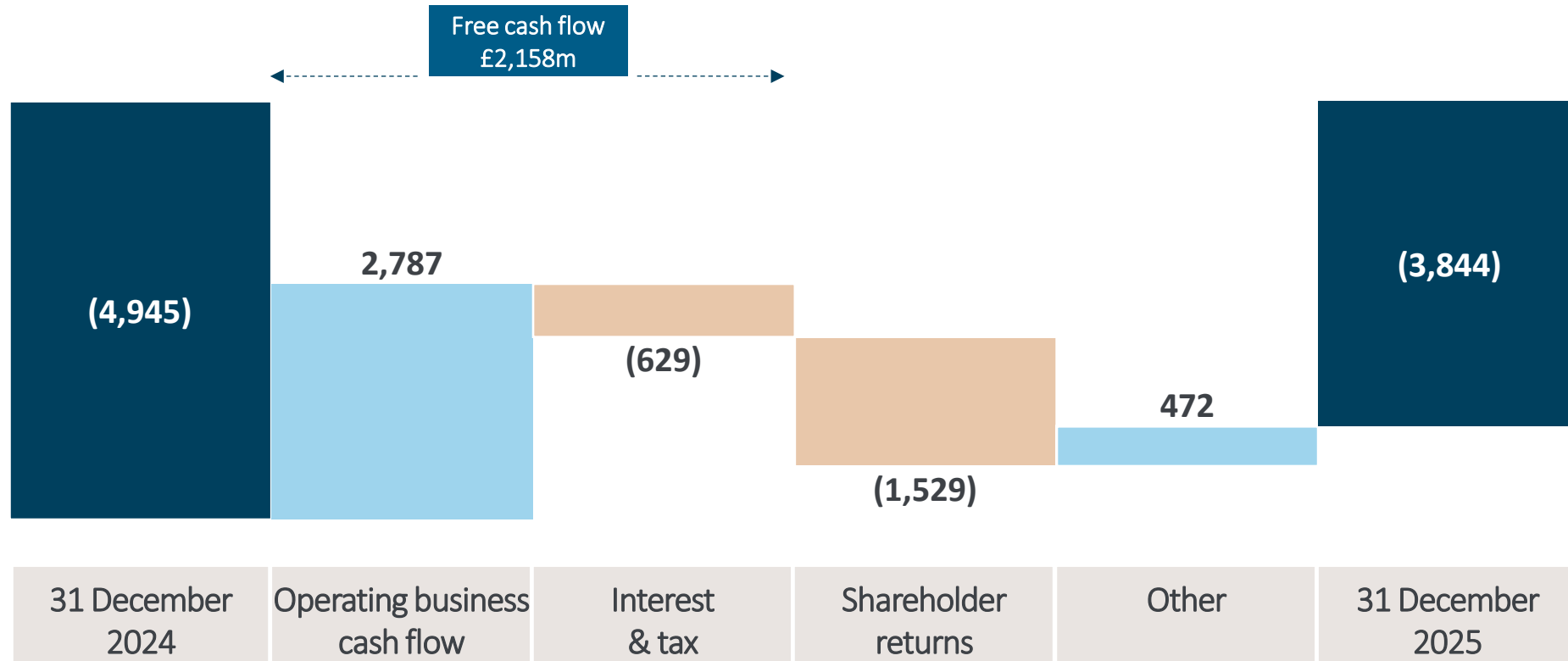
# Operating business cash flow



Notes:

1. Chart above excludes HQ £(52)m
2. Defined as operating business cash flow as a percentage of underlying EBIT

# Net debt (£m, excluding lease liabilities)

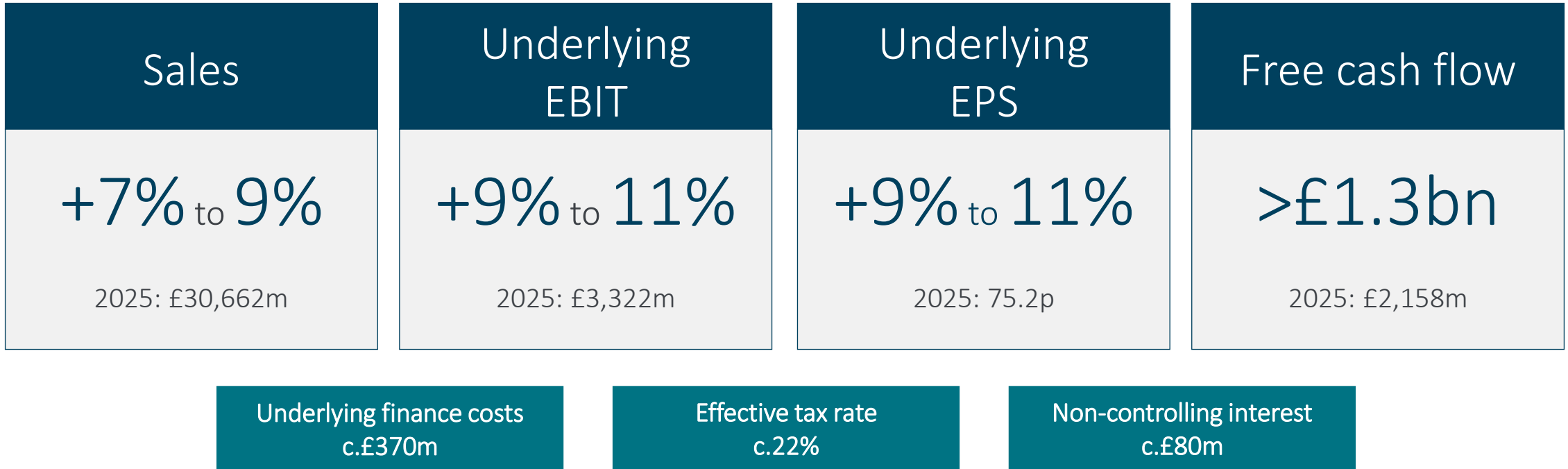


*Notes:*

1. Shareholder returns consists of dividends £1,027m & share buyback £502m
2. Other movements primarily reflects FX-related movements

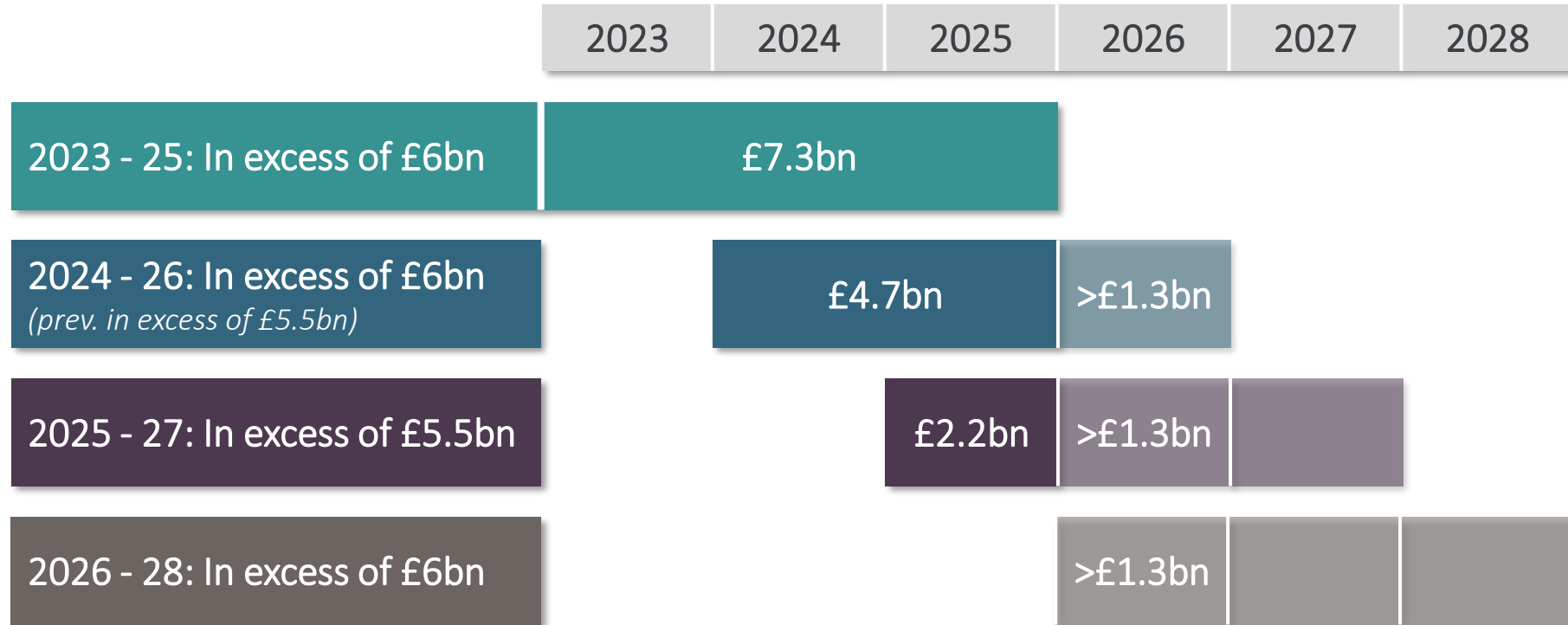
# 2026 Group guidance reinforces our value compounding model

Guidance based on £1:\$1.32



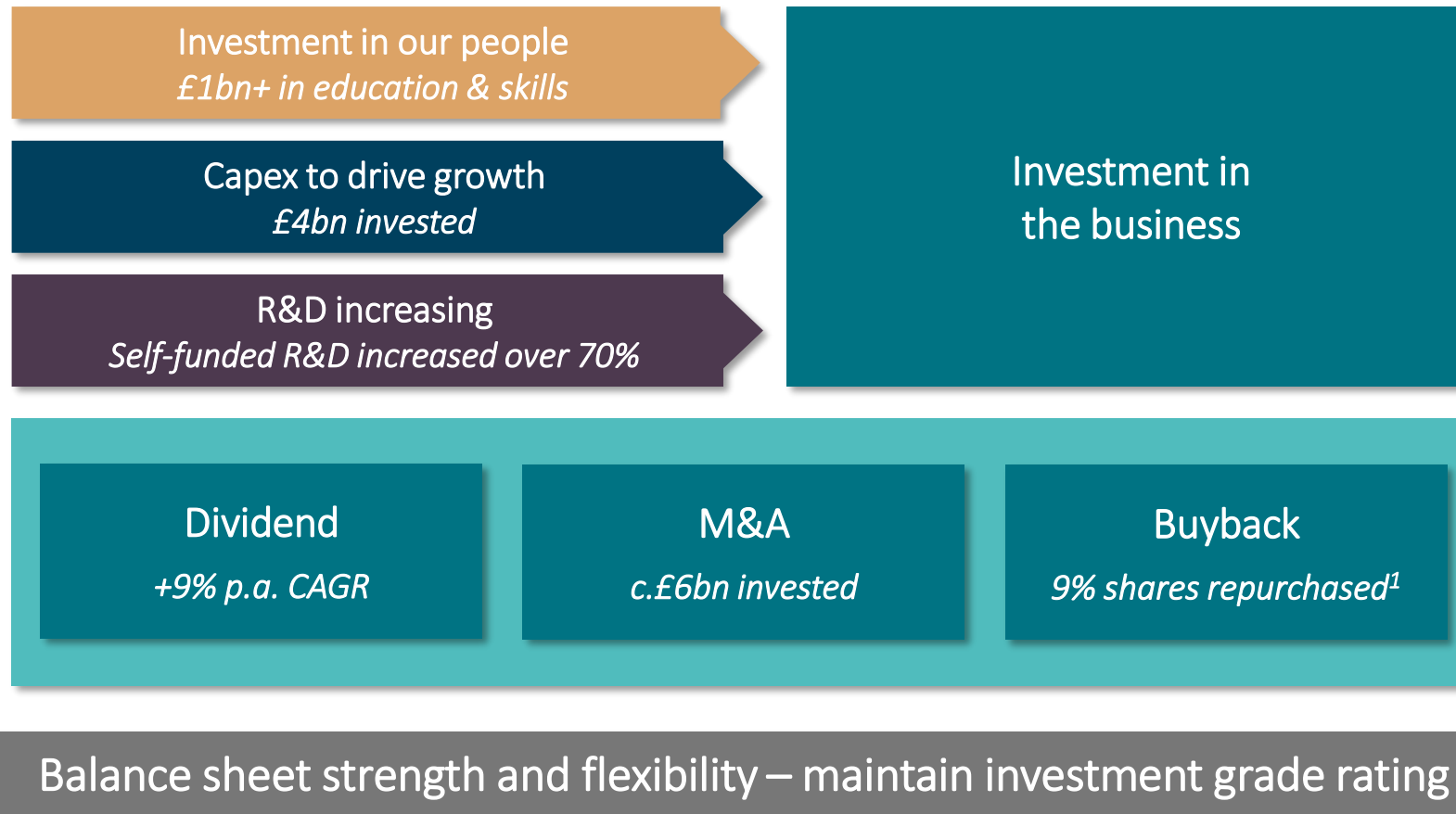
- Notes:
1. While the Group is subject to geopolitical & other uncertainties, the guidance is provided on current expected operational performance
  2. Sensitivity to 5c movement: Sales c.£500m, Underlying EBIT c.£70m, Underlying EPS c.1.4p

# Three-year free cash flow guidance shows continued strong cash generation



# Consistent, value creating capital allocation

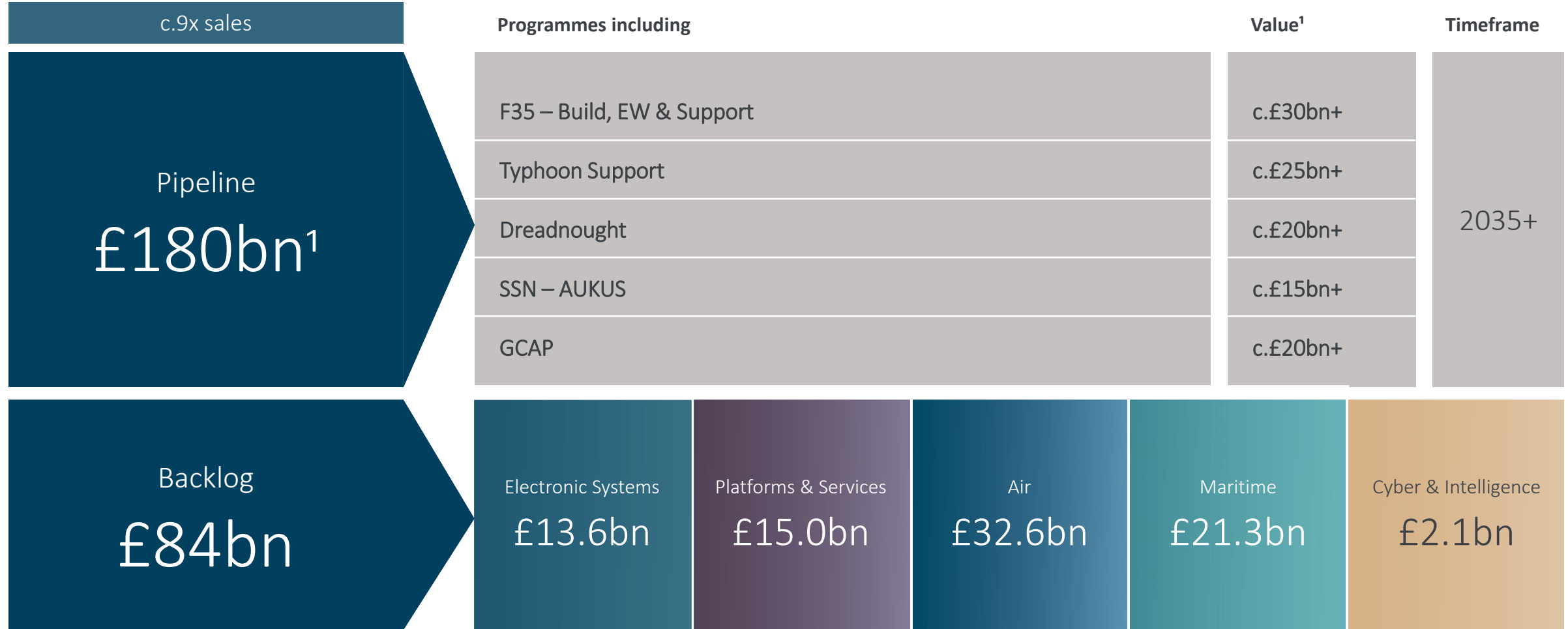
2020 - 2025:



Note:

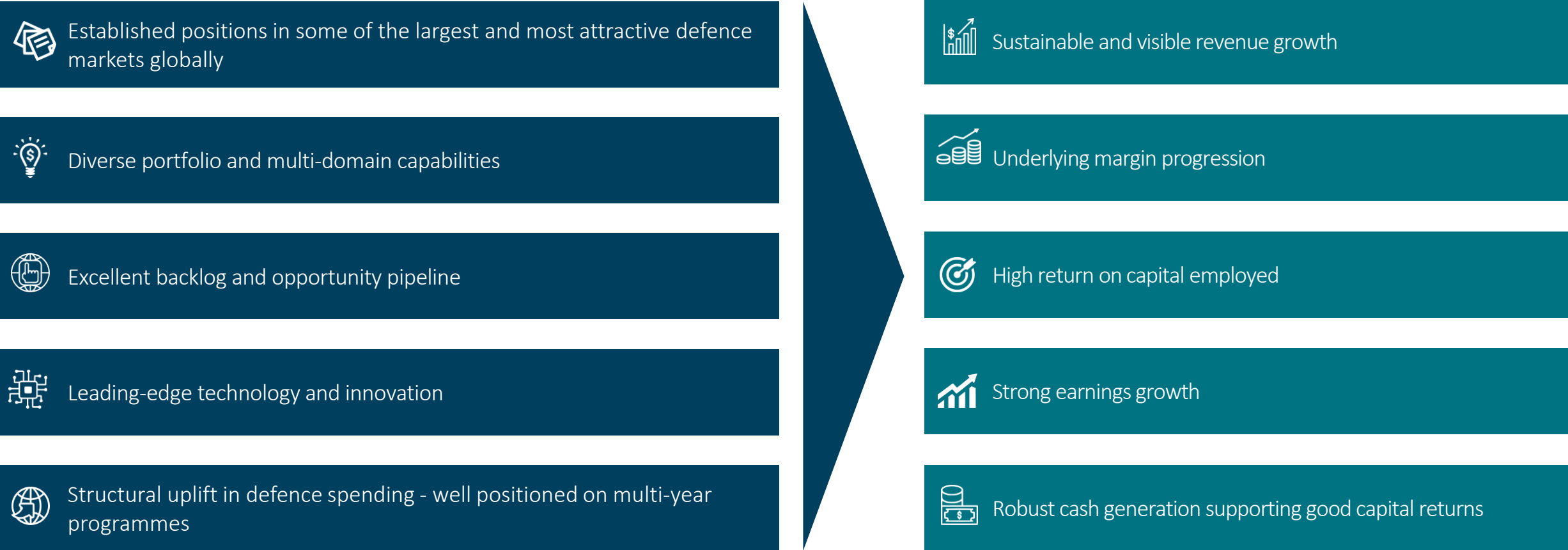
1. Based on ordinary shares in issue (excluding Treasury shares) on 28.07.21

# Excellent visibility of long-term growth

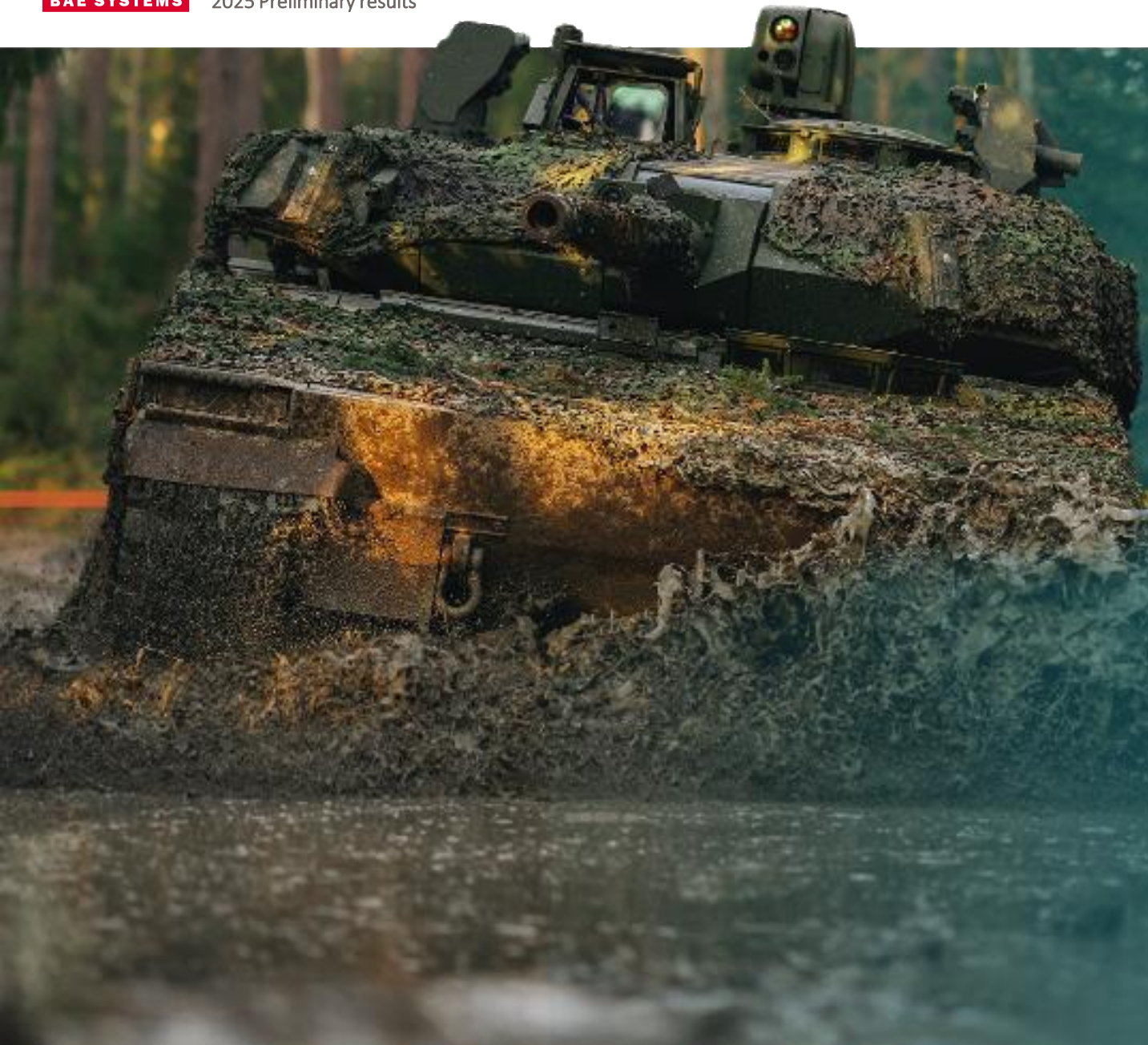


Notes:  
 1. Projections are based on internal management estimates and reflect management’s current assumptions, including assumed receipt of future orders over the medium term  
 2. Backlog and pipeline excludes potential future awards for Typhoon production, AUKUS, GCAP production.

# BAE Systems proposition for significant long-term value creation



Enhanced visibility on our value compounding model



# Supplementary information

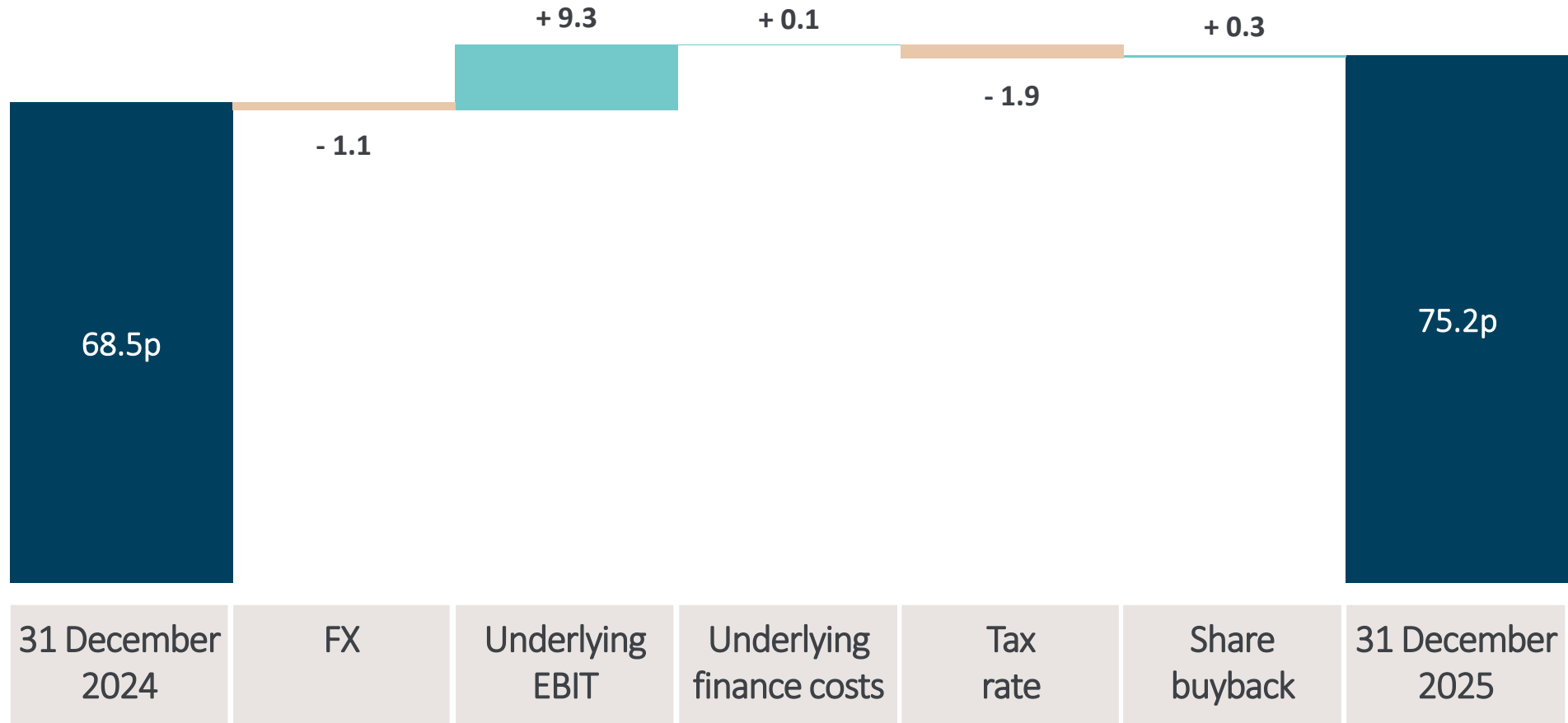
# 2025 summary financials

	2025	2024	Constant Currency	Reported
Order intake	£36,791m	£33,697m		
Sales	£30,662m	£28,335m	+10%	+8%
Underlying EBIT <sup>1</sup>	£3,322m	£3,015m	+12%	+10%
Return on Sales	10.8%	10.6%	+20bps	+20bps
Underlying EPS <sup>2</sup>	75.2p	68.5p	+12%	+10%
Underlying tax rate	20%	18%		
Operating business cash flow <sup>3</sup>	£2,787m	£3,093m		-£306m
Free cash flow <sup>3</sup>	£2,158m	£2,505m		-£347m
Dividend per share	36.3p	33.0p		+10%
Order backlog	£83.6bn	£77.8bn		
Net debt (excluding lease liabilities)	£(3,844)m	£(4,945)m		
Pension surplus, net <sup>4</sup>	£0.8bn	£0.8bn		

Average \$ rate: 2025 \$1.32, 2024 \$1.28

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 net interest paid and tax paid
4. The pension surplus is stated net of a 25% withholding tax charge on a number of UK defined benefit pension schemes that are in an accounting surplus position.

# Underlying EPS

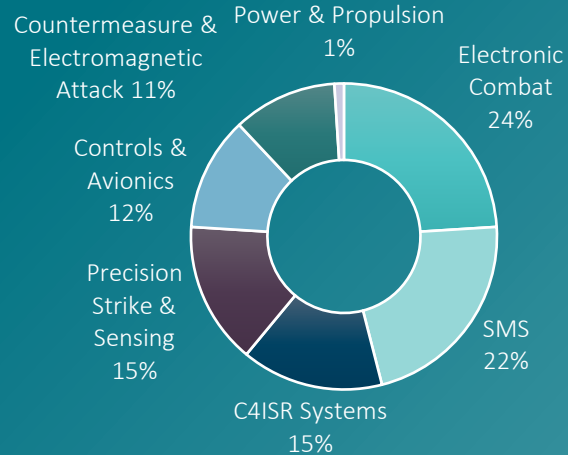


# Electronic Systems

## Business Description

Electronic Systems, with 22,400<sup>1</sup> employees, comprises the US- and UK-based Electronic Systems and the US-based Space & Mission Systems businesses. Key capabilities span electronic warfare systems, navigation systems, electro-optical sensors, military and commercial avionics, precision guidance solutions and communication systems, as well as space electronics, spacecraft, ground and tactical systems

## 2025 Sales by Business:



1. Including share of equity accounted investments

## Financial Performance

	2025	2024
Sales	\$9,929m	\$9,188m
Underlying EBIT	\$1,533m	\$1,368m
Return on sales	15.4%	14.9%
Operating cash flow	\$1,764m	\$1,024m
Order intake	\$11.5bn	\$9.3bn
Order backlog	\$18.3bn	\$15.9bn

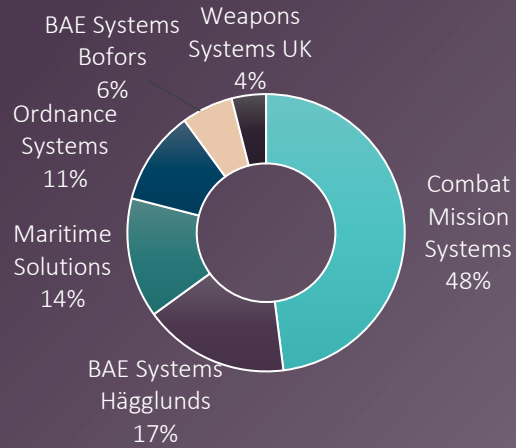
- Sales up 8% on a constant currency basis, 5% on an organic basis
  - Volumes in ECS & CEMA, and Precision Strike & Sensing Solutions
  - Full 12-month contribution from SMS
- Margin performance in line with guidance
- Cash flow reflects timing of receipts from customers

# Platforms & Services

## Business Description

Platforms & Services, with 12,100<sup>1</sup> 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

## 2025 Sales by Business:



1. Including share of equity accounted investments

## Financial Performance

	2025	2024
Sales	\$6,646m	\$5,611m
Underlying EBIT	\$759m	\$573m
Return on sales	11.4%	10.2%
Operating cash flow	\$219m	\$936m
Order intake	\$8.1bn	\$9.4bn
Order backlog	\$20.2bn	\$17.9bn

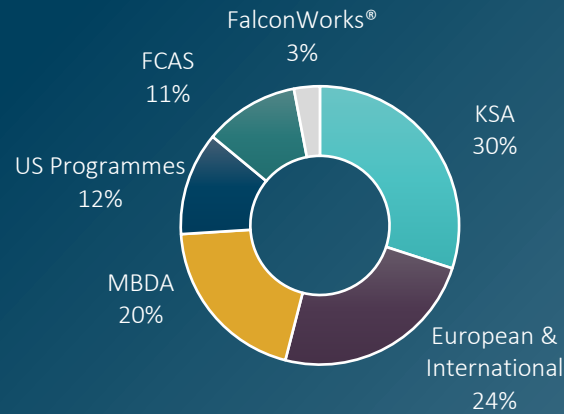
- Sales up 17%, on a constant currency basis, largely driven by combat vehicle volumes in the US and Sweden
- Margin benefitted from AMPV full-rate production and accretive growth in Hägglunds and Bofors
- Cash performance reflects utilisation of customer advances received in prior year, and capital investment in the US and Sweden
- Order intake includes further US combat vehicle awards, CV90 awards in Hägglunds & artillery awards in Bofors

# Air

## Business Description

Air, with 30,600<sup>1</sup> employees, comprises the Group’s UK-based aircraft 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 joint ventures Edgewing, Eurofighter and MBDA

## 2025 Sales by Business:



1. Including share of equity accounted investments

## Financial Performance

	2025	2024
Sales	£9,299m	£8,519m
Underlying EBIT	£1,108m	£1,007m
Return on sales	11.9%	11.8%
Operating cash flow	£904m	£1,243m
Order intake	£14.6bn	£8.3bn
Order backlog	£32.6bn	£26.8bn

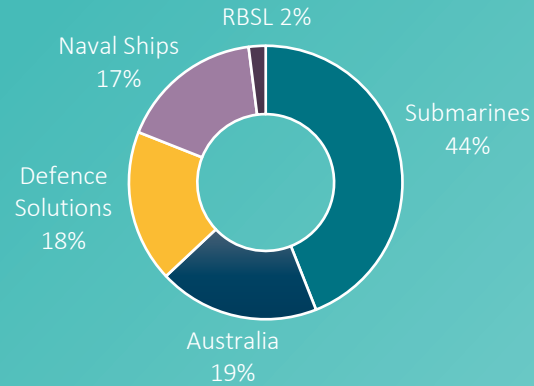
- Sales up 9% on a constant currency basis, driven by ramp up in GCAP activity, and volumes in MBDA
- Continued strong margin performance
- Cash flow performance reflects utilisation of customer advances received in prior year, partially offset by advances received in year
- Order intake includes Türkiye Typhoon aircraft & weapons orders, European Typhoon workshare awards, strong MBDA order flow & GCAP activity

# Maritime

## Business Description

Maritime, with 31,900<sup>1</sup> 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 and interest in our RBSL joint venture

## 2025 Sales by Business:



1. Including share of equity accounted investments

## Financial Performance

	2025	2024
Sales	£6,797m	£6,187m
Underlying EBIT	£457m	£474m
Return on sales	6.7%	7.7%
Operating cash flow	£373m	£436m
Order intake	£5.0bn	£8.7bn
Order backlog	£21.3bn	£23.2bn

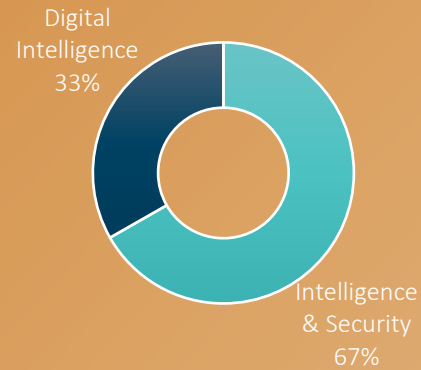
- Sales growth at 11% on a constant currency basis, driven by growth on the Dreadnought / SSN-AUKUS programmes and strong growth in the Australian business
- Margin performance reflects early-stage maturity of the portfolio with several first-in-class programmes trading at relatively low margins as we invest in additional capacity and capability both within our shipyards and the supply chain to support programme delivery
- Cash performance reflects timing of customer receipts and continued investment in facilities
- Orders driven by ongoing funding for the Dreadnought programme, the next phase of the Canadian River Class destroyer programme, and the Hobart Class combat systems upgrade in Australia

# Cyber & Intelligence

## Business Description

Cyber & Intelligence, with 10,500 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

## 2025 Sales by Business:



1. Including share of equity accounted investments

## Financial Performance

	2025	2024
Sales	\$3,161m	\$3,082m
Underlying EBIT	\$294m	\$255m
Return on sales	9.3%	8.3%
Operating cash flow	\$78m	\$178m
Order intake	\$3.6bn	\$3.1bn
Order backlog	\$2.8bn	\$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 includes a full year contribution from Kirintec
- Cash performance reflects timing of working capital and capital investments

## 2025 summary by reporting segment

USD FX rate of \$1.32 (backlog @ \$1.34)

	Sales £m	Underlying EBIT £m	Return on sales %	Free cash flow <sup>1</sup> £m	Order intake £bn	Order backlog £bn
Electronic Systems	7,528	1,162	15.4	1,337	8.7	13.6
Platforms & Services	5,039	576	11.4	166	6.2	15.0
Air	9,299	1,108	11.9	904	14.6	32.6
Maritime	6,797	457	6.7	373	5.0	21.3
Cyber & Intelligence	2,397	223	9.3	59	2.7	2.1
HQ	232	(204)		(52)	0.2	-
Eliminations	(630)				(0.6)	(1.0)
Interest & tax paid				(629)		
<b>Group</b>	<b>30,662</b>	<b>3,322</b>	<b>10.8</b>	<b>2,158</b>	<b>36.8</b>	<b>83.6</b>

Note: Free cash flow applies to Group; Reporting Segments reflect operating business cash flow

## 2026 guidance by reporting segment

Guidance below assumes a £1 : US\$1.32 exchange rate

	2025 Actual		2026 guidance	
	Sales (£m)	Return on sales	Expected sales	Expected return on sales
Electronic Systems	7,528	15.4%	Up 6% to 8%	c.15%
Platforms & Services	5,039	11.4%	Up 9% to 11%	11% to 12%
Air	9,299	11.9%	Up 9% to 11%	c.12%
Maritime	6,797	6.7%	Up 5% to 7%	7% to 8%
Cyber & Intelligence	2,397	9.3%	Up 5% to 7%	8% to 9%

The HQ reporting segment is expected to be an expense of c.£225m (2025 expense £204m)

### Notes:

1. While the Group is subject to geopolitical & other uncertainties, the guidance is provided on current expected operational performance
2. Return on Sales defined as Underlying EBIT as a percentage of sales

## Summarised balance sheet (£m)

	31 December 2025	31 December 2024
Intangible fixed assets	15,245	16,262
Tangible fixed assets	6,835	6,636
Investments	822	906
Working capital	(6,499)	(6,386)
Pension surplus	844	768
Lease liabilities	(1,742)	(1,817)
Tax assets & liabilities	285	422
Financial assets & liabilities	(9)	(69)
Net debt	(3,844)	(4,945)
<b>Net Assets</b>	<b>11,937</b>	<b>11,777</b>
USD FX	\$1.34	\$1.25

# Reconciliation to underlying earnings (£m)

	2025					2024				
	Income statement (published)	Reclass: EAI interest & tax	Reclass: other <sup>1</sup>	"Reported"	Underlying	Income statement (published)	Reclass: EAI interest & tax	Reclass: other <sup>1</sup>	"Reported"	Underlying
Operating Profit / Underlying EBIT	2,925	23	374	3,322	3,322	2,685	9	321	3,015	3,015
Other intangible amortisation/impairment			(414)	(414)				(344)	(344)	
Adjusting items			40	40				23	23	
Finance costs - <i>underlying</i>	(442)	58	-	(384)	(384)	(455)	59	-	(396)	(396)
- <i>fair value</i>	89	2	-	91		102	-	-	102	
	(353)	60	-	(293)		(353)	59	-	(294)	
Profit before tax	2,572	83	-	2,655		2,332	68	-	2,400	
Tax - <i>underlying</i>				(596)	(596)				(469)	(469)
- <i>other</i>				92					110	
	(421)	(83)	-	(504)		(291)	(68)	-	(359)	
Non-controlling interests	(89)	-	-	(89)	(89)	(85)	-	-	(85)	(85)
Earnings – basic / underlying	2,062	-	-	2,062	2,253	1,956	-	-	1,956	2,015
Weighted average number of shares (m)				2,997	2,997				3,013	3,013
EPS – basic / <b>underlying</b>				68.8p	<b>75.2p</b>				64.9p	<b>68.5p</b>

Note:

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