

BAE Systems plc - Market update

12 November 2025

Highlights:

- Strong operational and financial performance underpins Group full-year guidance, in line with upgrade at half year.
- Positive momentum in order intake with more than £27bn secured so far and further agreements anticipated before the end of the year.
- Continued period of active discussions with customers to support their defence needs.
- Our order backlog, pipeline of work on incumbent positions and expanding opportunities for new work provide good visibility for long-term growth.

Charles Woodburn, BAE Systems Chief Executive, said:

"We continue to deliver strong financial and operational performance in the second half of the year, underpinning the full-year guidance we upgraded in July. The recent agreement with Türkiye for Typhoon aircraft and announcement by Norway in respect of Type 26 frigates demonstrate sustained global demand for our leading defence capabilities. These programmes not only strengthen national security, but also support thousands of skilled jobs and generate significant export value for the UK economy. With a strong order backlog, established positions on key programmes and continued investment to support our future growth, we're confident in the outlook for our business."

Market update

Trading in the second half of the year is in line with expectations. Our operational performance continues to be strong as we focus on consistent delivery of critical capabilities and technologies for our customers around the world. Future growth is supported by our funded backlog, incumbent positions on major programmes and our significant investment in technologies, capacity and people.

In the US, the President recently voiced support for the tri-lateral AUKUS programme and momentum has continued to build around the architecture of the Golden Dome air and missile defense initiative, to which our technologies and capabilities are well aligned. We are encouraged by the momentum in Congress to end the US Government shutdown, especially the positive actions of this week. To date, we do not see material effects on our US business. If the shutdown persists, delays to contract funding and timing of payments before year end are possible.

Across the Group, our portfolio aligns well with the national defence strategies of our customers and the recently announced spending increases across NATO provide a very supportive backdrop for growth over the medium term. We expect significant opportunities across our business, including space systems, missile and air defence systems, electronic warfare, combat aircraft, combat vehicles, frigates, submarines, drones and counter drones among others.

Guidance

In 2025, we expect good growth in sales and EBIT as well as solid cash generation. Our full year 2025 guidance is unchanged across all metrics from the upgraded guidance we provided at the half year results in July.

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| • Sales | +8% to +10% (2024: £28.3bn) |
| • Underlying EBIT | +9% to +11% (2024: £3.0bn) |
| • Underlying EPS | +8% to +10% (2024: 68.5p) |
| • Free cash flow (FCF) in 2025 | >£1.1bn |

Guidance is provided on a constant currency basis using a GBP:USD exchange rate of 1.28:£1 which is consistent with the average exchange rate in 2024. The average exchange rate for the year to date is approximately 1.32.

As a guide, a 5 cent movement in the GBP:USD exchange rate impacts sales by c.£525m, underlying EBIT by c.£75m and underlying EPS by c.1.4p.

The weighted average number of ordinary shares to calculate full year underlying EPS is expected to be around 3.0bn.

Order intake

We have secured orders of more than £27bn in 2025 so far. Awards in the second half of the year include:

- c.£4.0bn for the build of 20 Typhoon aircraft and weapons integration for Türkiye, with the first aircraft delivery scheduled for 2030.
- c. 3.3bn in Electronic Systems, including incremental funding for Space & Mission Systems and electronics programmes, as well as new awards for APKWS and Multifunctional Information Distribution System Joint Tactical Radio Systems.
- c. 1.7bn in funding for US combat vehicle production including ongoing AMPV, Bradley and M109 programmes.
- c.£1.1bn of MBDA orders for various domestic and export awards.
- £0.9bn of funding to continue Dreadnought programme design and build activities.

The recent agreement between the Norwegian and UK governments to supply at least five Type 26 anti-submarine frigates is expected to lead to a substantial order, which will be booked after 2025 once contractual agreements are completed.

Balance sheet and capital allocation

Our strong financial position enables us to implement all parts of our capital allocation policy. We continue to invest

Our strong financial position enables us to implement all parts of our capital allocation policy. We continue to invest in our business to support organic growth, explore value enhancing acquisition opportunities, pay dividends to our shareholders and execute our share buyback programme.

Total cash returned to shareholders in 2025 is expected to be c.£1.5bn, comprising the final dividend for 2024, the interim dividend for 2025, which will be paid on 3 December 2025, and c.£500m of share repurchases.

Full year 2025 results

We will announce our preliminary results for year ending 31 December 2025 on 18 February 2026.

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