

BAE Systems Air Sector

BAE SYSTEMS

Welcome Capital Markets Day

13 May 2025



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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 107,400¹ highly skilled people in around 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) Including share of equity accounted investments

Air Sector

Driving performance. Securing growth

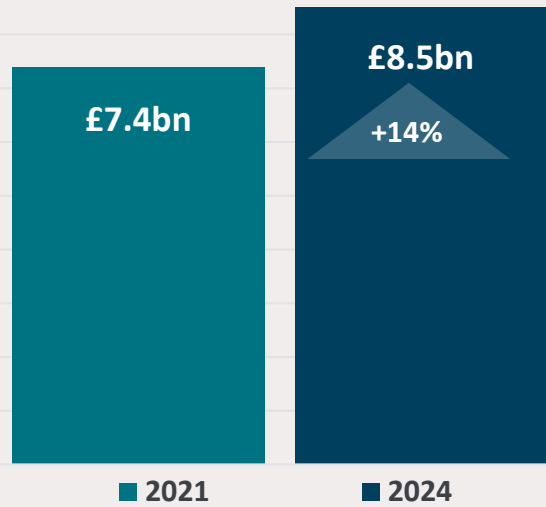
Simon Barnes, Group Managing Director, Air Sector



Air has a strong track record of growth

Momentum for next phase of growth

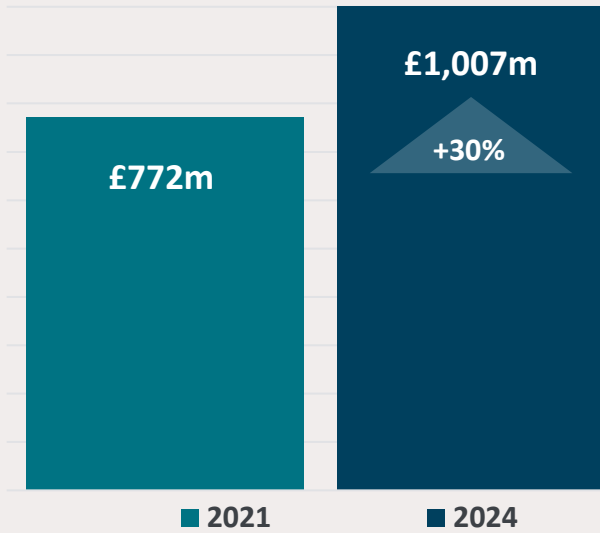
Sales



+5% CAGR

+50% backlog growth

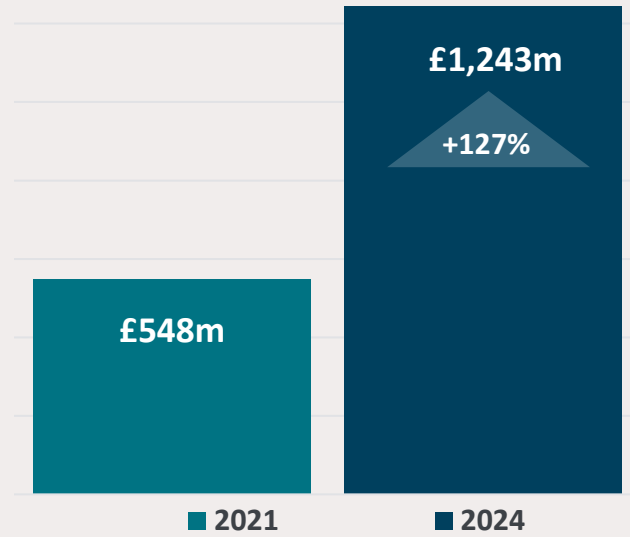
Underlying EBIT



+9% CAGR

+140 bp margin

Operating business cash flow



£4.6bn of cash generated

Well positioned with strong growth potential

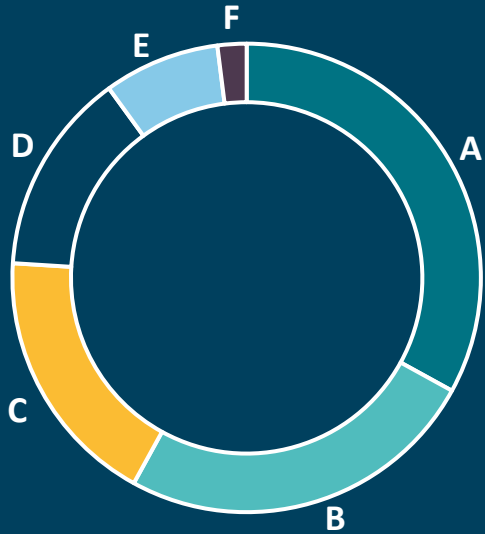
We have a strong well positioned core business

Our evolved portfolio positions us to capture future growth

Technology and innovation are at the heart of our business to drive growth

Strong growth potential for revenue, EBIT and cash

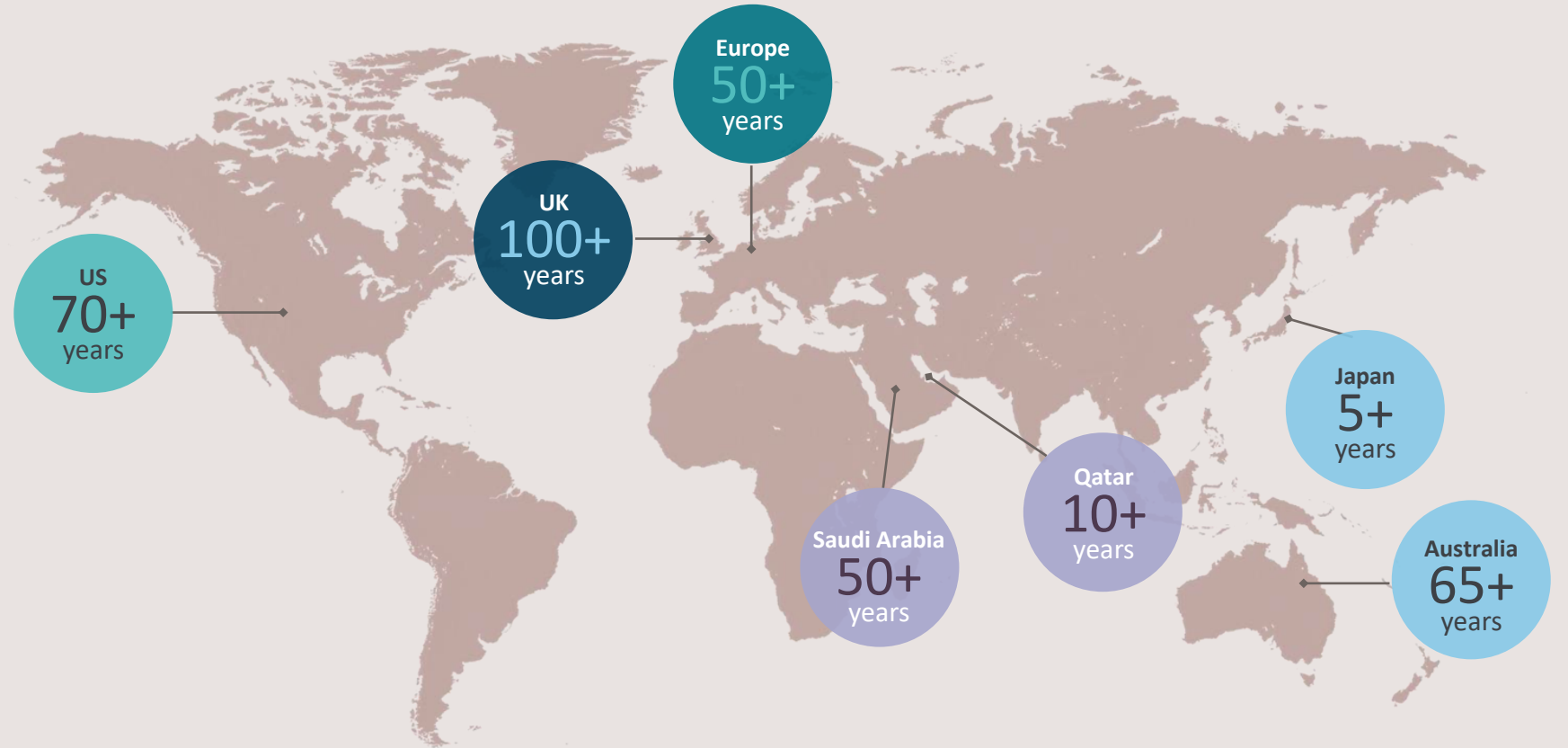
2024 Sales by Line of Business



A	Saudi Arabia	33%
B	European & International	25%
C	MBDA	18%
D	US Programmes	14%
E	Future Combat Air System	8%
F	FalconWorks®	2%

A broad based business

Established market positions and growing regional presence








Global Workforce: 27,800

Approximate regional figures, including share of equity accounted investments

End to end offering drives significant value

Through-life sovereign combat air capabilities

-  Design and development of Combat Air platforms
-  Through life support services
-  Multi-domain training and manpower
-  Mission systems
-  Uncrewed systems
-  Complex systems integration



2024 Sales split

Platforms	51%
Services	49%

Expanded portfolio to capture growth

Leading position in complex combat air

Complex Combat Air

Emerging & Disruptive

Support Services

Training

MBDA

- Leading position across international programmes
 - Typhoon: 40+ yrs runway
 - F-35: 3600 programme of record
 - GCAP: renewing for the future
 - Tornado: ongoing support
- Long-term value sustaining capability over multi-decade programmes platforms
- Sovereign industrial capability highly relevant: delivering freedom of action and modification
- Partnering model enabling industrialisation is a key advantage
- Platform sales unlock significant further value creation



Expanded portfolio to capture growth

Developing ground-breaking capabilities for the air domain

Complex Combat Air

Emerging & Disruptive

Support Services

Training

MBDA

- Foundation of leading technologies and know how
- FalconWorks® created to accelerate technology development and deployment - organically, inorganically and with customers and partners
- Portfolio of capabilities established
- Leading position in uncrewed capabilities
- Battle proven and vital aspect of the current and future force mix
- Customer insight and intimacy supports rapid cycle iteration
- Reaching beyond our core customer bases and markets



Expanded portfolio to capture growth

Support provides strategic insights and long-term revenue

Complex Combat Air

Emerging & Disruptive

Support Services

Training

MBDA

- Key aspect of our differentiated model delivering significant long-term revenue streams
- Embedded position with customers provides strategic insight and fosters partnership approach
- Approach enables agile response to evolving customer needs to deliver assured outcomes
- Increasing focus on readiness



Expanded portfolio to capture growth

Training is a critical part of sovereign defence needs

Complex Combat Air

Emerging & Disruptive

Support Services

Training

MBDA

- Critical aspect of sovereign defence needs
- Supports strong customer relationships over long term
- Significant insights into customer force mix and operational needs
- Established Hawk trainer global fleet
- Broad training offer across pilot, air crew, support and maintenance
- Increased use of synthetics and other technologies across training needs
- Opportunity to expand across domains



Expanded portfolio to capture growth

European leader in the missile industry

Complex Combat Air

Emerging & Disruptive

Support Services

Training

MBDA

- Leading non-US company operating in the global complex weapons market
- Strategic value and leverage between MBDA and BAE Systems
- Solution at the core of sovereignty of European nations
- Powerful portfolio:
 - complex weapon systems design, development, production, support and services
 - platform agnostic
 - servicing all branches of the armed forces
- In service with more than 90 armed forces
- 37.5% shareholding



MBDA portfolio

Offering missiles and missile systems to achieve the full spectrum of effects



Deep Strike	Tactical Strike	Battlefield	Area Protection	Force Protection	Air Dominance
Long distance precision strike	Strikes in semi-permissive environments	Conduct actions on the battlefield	Protect strategic assets	Protect deployed forces	Air missions

NCM / MdCN	Spear	Akeron	Aster	EMADS	Meteor
Storm Shadow / SCALP	Brimstone	Enforcer	SAMP/T	MICA	MICA
Taurus	Sea Venom	LynKEUs	Sea Viper	CAMM	ASRAAM
Exocet		PARS 3 LR	PAAMS	Sky Warden	Mistral

MBDA In focus

Operates across all missions

In service across air, land and sea

€37bn
order backlog at end 2024

c€2.5bn
Investment next 5 yrs

A world leader in complex weapons

MBDA

Investing for sustained growth

Sites and buildings



60%

Production investment



20%

IT and enabling investments



20%

Increased workforce



Diverse market positions

Established lead sovereign industrial partner to UK Government

UK

Europe

US

Middle East

Asia

- Established market leadership
- Around a third of the Air Sector by revenue
- Working across all complex combat air programmes
- Key role in RAF training
- Ensuring frontline warfighting capabilities and combat air readiness with evolving approach to support
- Strategic UK Government to Government sponsorship enables industrial and military partnerships with allied nations and air forces



Diverse market positions

Embedded in European and NATO sovereign defence

UK

Europe

US

Middle East

Asia

Long-standing partnerships provide access to European market and exports:

- Panavia GmbH (Tornado)
- Eurofighter GmbH (Typhoon)
- MBDA

- NATO standard platform

- GCAP secures strong European ties for next generation

- FalconWorks® opening up new collaborations and revenue streams



Diverse market positions

Track record of selling into, and partnering with, the US

UK

Europe

US

Middle East

Asia

- Long-term position on F-35 through partnership with Lockheed Martin, with strong global demand for the platform
- Position provides opportunity to access new programmes
- Track record through T45 (Goshawk) technical support and AV8B (Harrier) to US Marine Corps
- FalconWorks® opportunities
 - Malloy uncrewed quadcopter into USMC; targeting opportunities with the US Army
 - Prismatic pseudo satellite PHASA-35 with US Government agencies
 - Uncrewed systems with offshore energy



Diverse market positions

Long-term partner of choice in Saudi Arabia

UK

Europe

US

Middle East

Asia

- Embedded position in Saudi Arabia under a Government to Government framework, in 60th year of partnership
- End to end activity, from training to support for platforms
- Diversified footprint via joint venture Saudi businesses and partnerships
- Track record of industrialisation and capability transfer
- c.7,000 in Kingdom employees, c.80% Saudi Nationals
- Renewing for the future through the Future Combat Air Partnership



Diverse market positions

Presence across Middle East presents further growth opportunities

UK

Europe

US

Middle East

Asia

- **Qatar:** a significant partnership, across Typhoon, Hawk and training
- Supports strategic international relationship with Royal Air Force & Qatar Emiri Air Force Joint Squadron
- **Oman:** support to Typhoon and Hawk as part of long-term strategic relationship between UK and Oman
- Opportunities within FalconWorks® for uncrewed systems for defence, parapublic and civilian across the region



Diverse market positions

New partnerships and regional growth opportunities

UK

Europe

US

Middle East

Asia

- Broadening opportunities to participate in Asia
- Australia is an established user of F-35 and Hawk with further opportunities under AUKUS pillar two across the Group
- GCAP partnership has extended our strategic partnership into the region and provides route to further growth in Japan
- FalconWorks® opportunities



Investing to support future growth

Projected spend
2025-2029

Customer and company funded R&D

c. **£4bn**

Products and technologies

- Tempest
- Typhoon
- Technology demonstrators
- Uncrewed systems
- Mission Systems

Enabling
investments

> **£1bn**

People

> **3,500**

early careers

Enablers

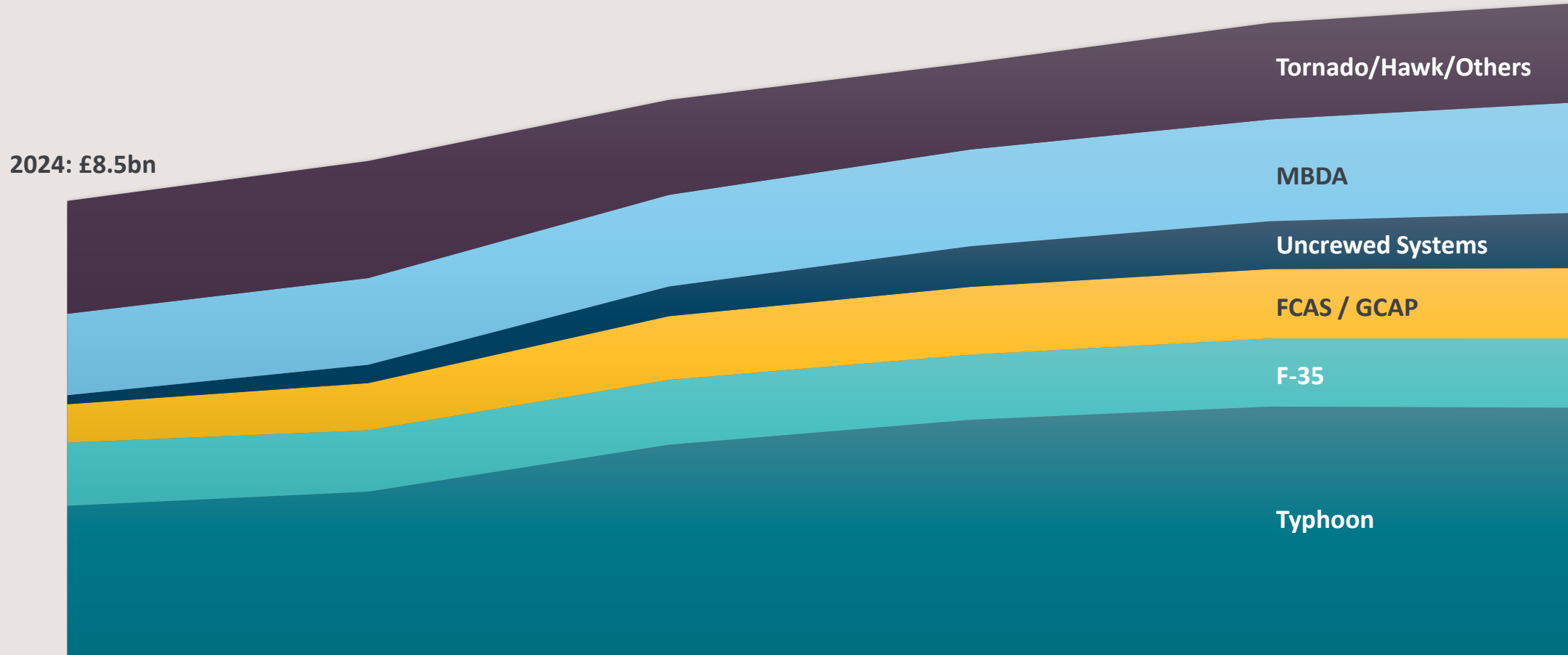
- Operational excellence
- Workforce and skills
- Digital engineering and toolsets
- Infrastructure and capacity

Continue to actively manage the portfolio to enhance the sector

Strong opportunities across the portfolio

	2024 Sales	Outlook	Commentary	Opportunities
Kingdom of Saudi Arabia	£2.8bn	↑	Long term position in 60 th year of partnership	Future Fighter competition Increased support
European & International markets	£2.1bn	↑	Strengthened outlook following increased global threat	Further European Typhoon Türkiye Typhoon Qatar Typhoon Typhoon capability development
MBDA	£1.5bn	↑	Actively investing to capture growth	Air Defence systems Aircraft weapons packages Naval weapons packages
US Programmes	£1.2bn	→	Programme of record sustains Long term position	Further aircraft sales
Future Combat Air Systems	£0.7bn	↑	International JV established enabling long term growth	GCAP expansion System of systems integration Support
FalconWorks®	£0.2bn	↑	Leading portfolio in uncrewed systems	Strong global demand for uncrewed systems

Growth potential across the Air Sector



For illustrative purpose only – not to scale

Projections are based on internal management estimates and reflect management's current assumptions, including assumed receipts of future orders over the medium term.

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Air: well positioned with strong growth potential

We have a strong well positioned core business

Our evolved portfolio positions us to capture future growth

Technology and innovation are at the heart of our business to drive growth

Strong growth potential for revenue, EBIT and cash

Today's agenda

Time	Business area	
08:15 – 09:15	Air Sector Overview	
09:15 – 11:00	Combat Complex Air Programmes	Overviews and latest developments on our Typhoon, F-35, FCAS & GCAP programmes
11:00 – 11:30	Coffee break	
11:30 – 12:30	Emerging and Disruptive technologies	Explore how we're driving the rapid development and deployment of a range of emerging and disruptive technologies across our portfolio
	Strategic Customer Partnerships	Hear about the strategic role we play alongside our customers, including harnessing technologies and insights to ensure their operational readiness through support and training
12:20 – 13:15	Lunch	
13:15 – 14:05	Rotation two on Emerging and Disruptive technologies, and Strategic Customer Partnerships	
14:05 – 15:30	Demonstrations	An opportunity to hear about Typhoon from end users, followed by flying demonstrations from T-150 and Typhoon
15:30 – 16:00	Closing session and departure	