

Key Themes Update Brad Greve - CFO



Update on key themes

Defence market environment

- Record defence order backlog
- Defence spending increases in many nations

Supply chain & inflation

- Working closely with supply chain
- Resourcing improving in parts of US labour market

Energy

- Hedging strategy in UK
- USA, Australia, KSA energy position clearer

Capital Allocation

Pension

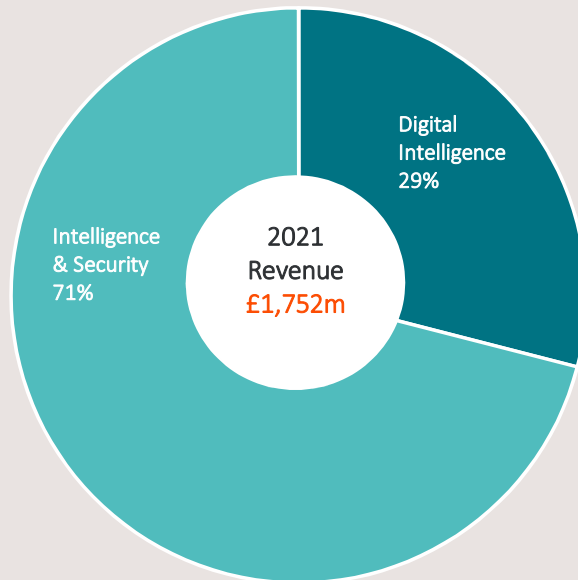
Share Buy Back

On-going commitment to operational performance and margin improvement

FX a significant tailwind to reported numbers and outlook

Digital Intelligence Context

Cyber & Intelligence sector



- Reported as part of Cyber and Intelligence sector
- Restructuring activities in recent years to align to core capabilities
- Sale of BAE Systems' financial crime detection business (commercial) to close shortly
- Improved business performance in recent years
 - Profitability and cash flow generation
- Key part of digital and technology strategy looking forward
- Businesses combined to deliver enhanced capability to our customers

Positioned for strong growth – key enabler of technology ambitions

Digital Intelligence Investor Presentation

Dave Armstrong

Group Managing Director, BAE Systems Digital Intelligence

Digital
Intelligence



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Digital Intelligence – Who and Why



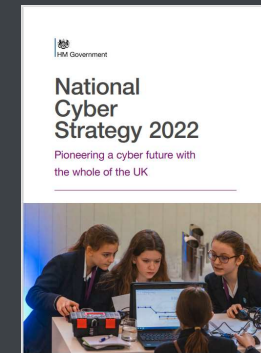
Digital
Intelligence

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Context for Digital Intelligence

- Disruption caused significant **technological / societal / economic change**
- **Cloud adoption** continues apace; organisations striving to overcome legacy IT and embrace digital
- National competitiveness driven by **big data / data science**
- Need for greater national **cyber resilience**
- Increasing desire for **multi-domain integration** and fusion operations
- HMG prioritising **national industrial capability**
- International **export opportunity**
- Growing opportunities in **space**



Digital Intelligence

BAE SYSTEMS

- Formed on 1 February 2022
- Combining data, digital, cyber and intelligence capabilities from across the Group
- World-leading cyber, intelligence and security expertise, helping protect nations, businesses and citizens
- Formed to allow greater collaboration to deliver digital expertise to our customers, partners and colleagues

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More than **4,000** employees in **5** continents



**Applied
Intelligence**

CORDA

**Defence
Information**

**Digital
Services**

**In-Space
Missions**

PPM
(Pulse, Power and
Measurement)

Techmodal

A flavour of what we do

We enable **military air and maritime platforms** to communicate with each other to share real-time mission pictures



Our **child protection tool** can analyse three years' worth of data in under four hours to protect the most vulnerable from harm

Using our **prognostic health capability**, we help the Royal Navy to predict failures on their warships before they happen



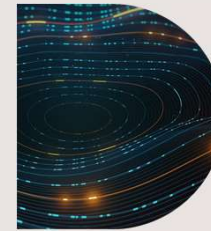
We help the British Army accurately **plan and forecast requirements** for equipment and material, delivering £60m savings

We have developed a **simulation modelling toolkit** for passenger and vehicle **border security screening**



PPM's satellite and communications technology is embedded within the operational **infrastructure of major broadcasters** globally

We provide a comprehensive **security threat and risk assessment** to understand and measure threats



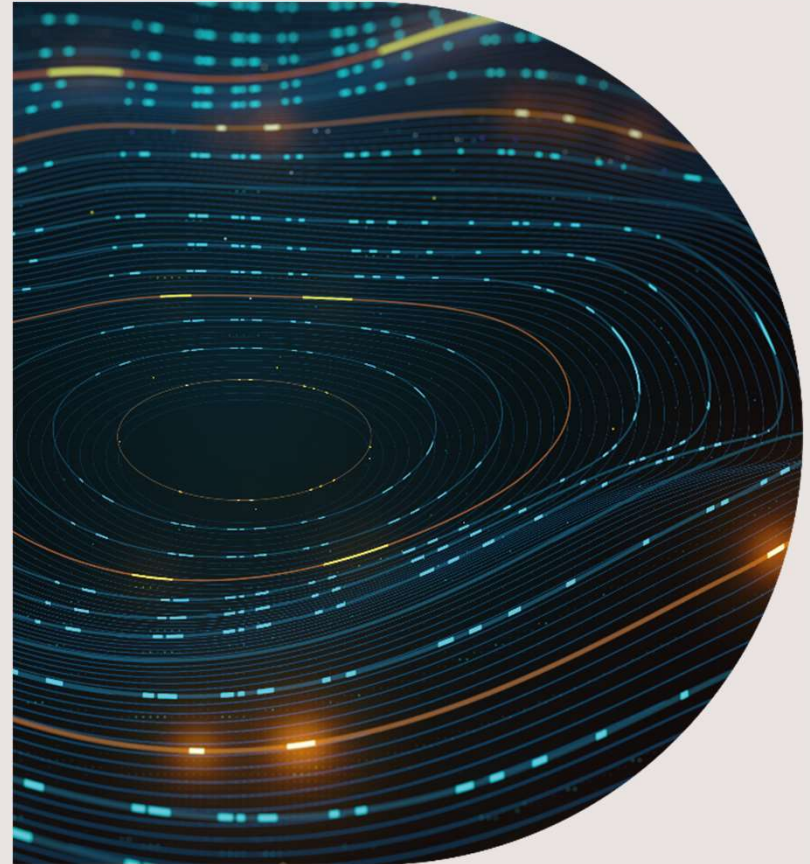
In 2020, In-Space Missions launched the **world's first commercial satellite 'rideshare'** service, Faraday

Our National Automatic Number Plate Recognition (ANPR) solution has over 50 million ANPR reads per day, **helping in the fight against drug trafficking**



Certified by NCSC (National Cyber Security Centre), as part of GCHQ as **quality-assured cyber incident response providers**

Digital Intelligence Go to Market Approach

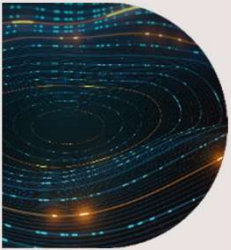


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Our Portfolio



Digital Partner

Brings together our data and digital advisory services to all of our customers regardless of the sector including data science, data analytics, business performance analysis and digital transformation



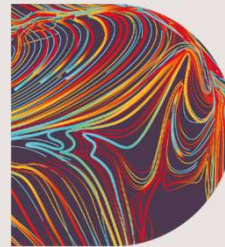
Cyber Security

Covers all aspects of our Cyber offerings including products and services spanning Enterprise to Nation State level, and our solutions to enhance Cyber & Electromagnetic Activities (CEMA) capabilities for Defence customers



C5ISR Systems

Brings together our command and control, communications, sensors and network capabilities including Cross Domain solutions, RF, specialist electronics, high power and optics, military and space ISR



Digital Transformation

Create a digital thread across customer data, using our capabilities in digital engineering, cloud based systems, digital delivery and complex asset management



Intelligence Systems

Brings together our products designed to help National Security, Law Enforcement and Defence Agencies build a 'unified intelligence picture' including Comms Intelligence, Multi- Source Intelligence and CSP Comms Compliance



Satellite Systems

Includes our capabilities to design, build and operate satellites and satellite systems, including ground stations

Future Vision

Re-imagining our customers' core services into **cloud native apps** so they deliver their mission efficiently and securely.



Providing the **BAE Systems Cloud Mission Marketplace** solving common problems across key domains.

UK sovereign partner providing cyber services at scale and recognised as a CEMA provider across MoD front-line commands.



A strategic partner valuing data as an asset, and delivering transformative digital capabilities to enable military advantage.

Delivering multi-domain C5ISR products, services and solution integration in the UK and international markets.



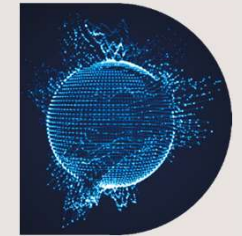
Leading the delivery of **multi-domain digital defence asset management** that harnesses the power of predictive analytics

Providing key data analytics and support services to UK forces through our **LEO clusters of satellites.**



Established as the **new British space prime** with over 100 LEO satellites in orbit with customers worldwide.

Leading cyber security provider supporting UK and allies in protecting their citizens.



Helping allied **international markets** build their own cyber forces.

Route to market

Central Government:

- Build on reputation on border security and child protection
- Trusted Whitehall provider

National Security:

- Long-standing track record, customer intimacy, trusted sovereign partnership and SME ecosystem

C5ISR:

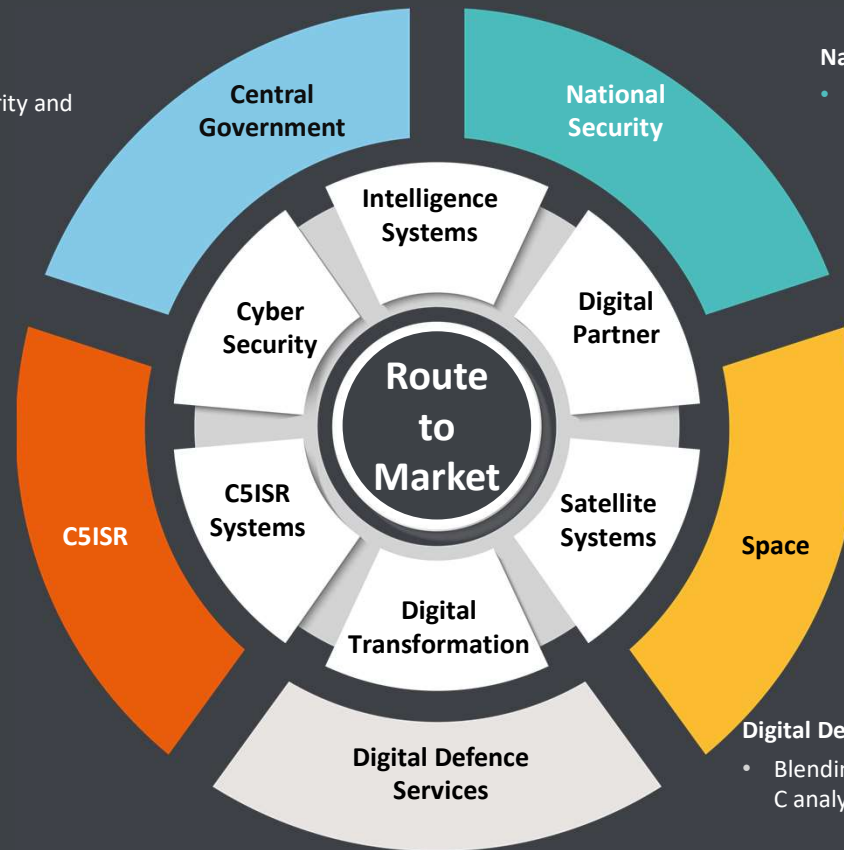
- Leading player in C2/3 now enhancing with cyber and multi-domain networking capabilities

Space:

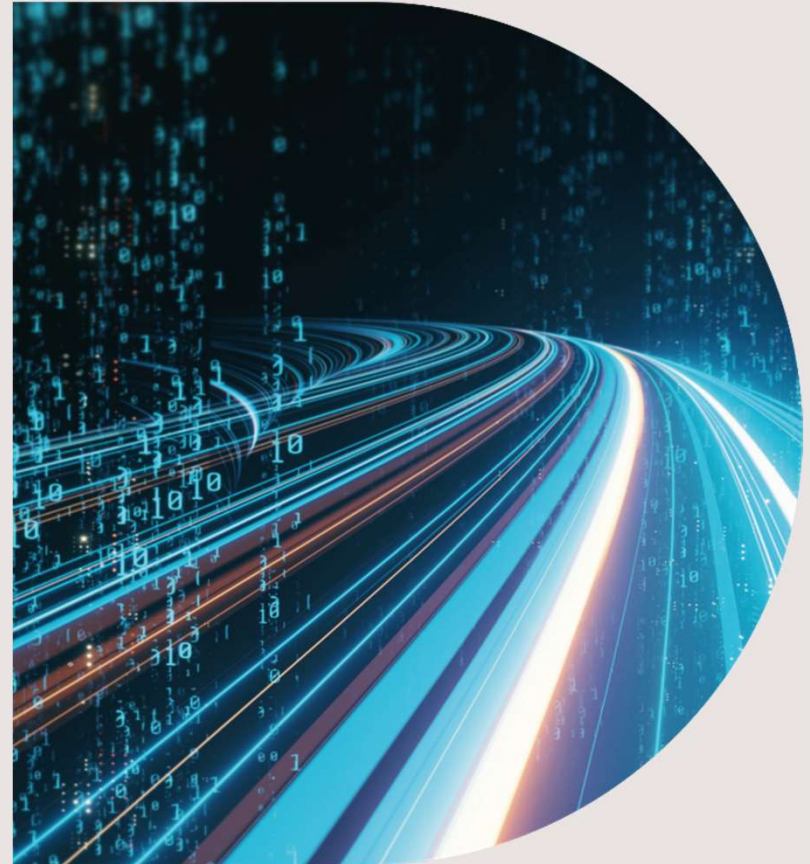
- Building on sensor integration skills blended with ISM spacecraft capability

Digital Defence Services:

- Blending our Central Government big data with TM data science and C analytics capabilities to provide best of class data driven solutions



Digital Intelligence Investing in Capability



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Strategic Investments

Space

Investment in Azalea to capture a larger share of the UK space ISR market and support campaigns in key international markets.





INSPACE

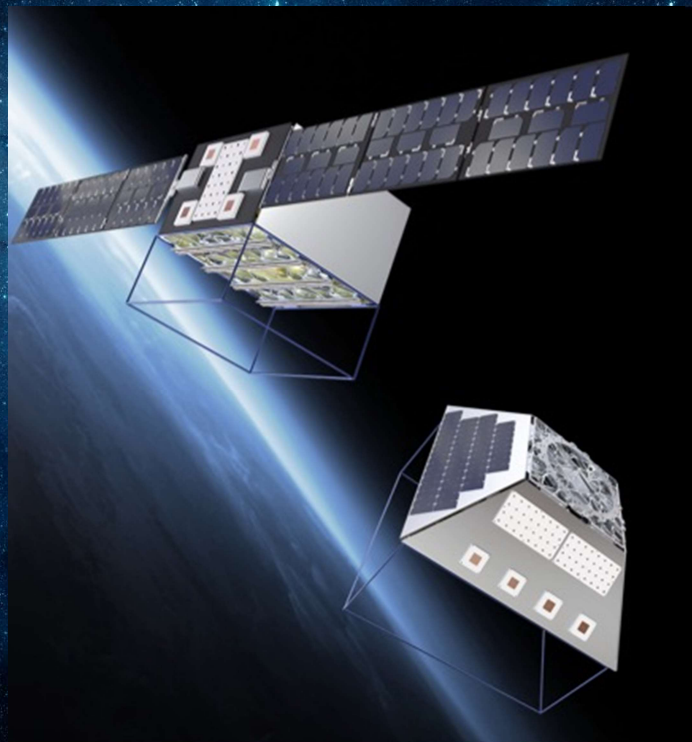
MISSIONS

PHYSICAL

DIGITAL

DEDICATED

OPERATE



Strategic Investments



Space

Pursuing growth in Low Earth Orbit

Multi-Domain C5ISR

Investment in Battle Management Information Systems, multi-domain network enablers, and RF transmissions systems.

Digital Asset Management

Developing data-driven solutions to improve operability and availability of high criticality assets

Cloud Mission Services

Investment in capabilities and solutions enabling customers to adopt digital data services in classified, sovereign cloud environments

Digital Intelligence Market and Growth



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Positive Market Environment, **Trending Upwards**

10 Year Addressable Market Size

		UK	International
National Security		~£4bn	~£10bn
Defence	Digital	~£2bn	~£3bn
	C5ISR	~£2bn	~£3bn
Space		~£2bn	~£4bn
Central Government		~£8bn	N/A

Significant addressable markets supporting long-term growth plan

Digital Intelligence Growth



Summary

- We have responded to market changes and brought together **complementary capability** from across the Company to form Digital Intelligence
- This capability is bolstered with three strategically significant acquisitions – **In Space Missions, PPM and Techmodal**
- Together we will help our customers thrive in a digital world:
 - Creating data driven systems by leveraging big data / data science
 - Achieving cyber secure multi-domain integration and fusion operations
 - Ability to design, build and launch resilient space systems that provide real time intelligence
- There is a significant addressable market and we are now well positioned for growth:
 - Clear understanding of how to deliver digital advantage
 - Excellent track record across all domains
 - Clear route to growth through focused portfolio



Unlocking the
Digital Doorway

We believe that digital technology is the key to unlocking our customers' advantage.

By advancing digital technologies, we open doors to worlds of opportunities, together.

Questions



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Digital Intelligence Supporting Slides



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Context for Digital Intelligence

- **Technological / societal / economic change** – in the middle of a significant shift from an industrial society to a digital one built on software. Waves of disruption hitting all industry sectors
- **Cloud adoption** continues apace; organisations including those operating at the highest classification levels still striving to overcome legacy IT and embrace digital incl. use of hyper-scale cloud
- National competitiveness, including in warfare, driven by ability to **leverage big data / data science and digital opportunity** to achieve technological leadership
- Need for greater national cyber resilience and the projection of **responsible Cyber Power** through offensive and defensive capability, as a result of increased cyber threat / conflict
- Increasing desire for **multi-domain integration and fusion operations** across HMG MoD and National Security (UKIC, FCDO, Home Office) and exploiting hardware capabilities / secure connectivity
- HMG prioritising **national industrial capability**; increasing the pool of indigenous skills; suppliers must demonstrate contribution to social value; levelling-up agenda in the UK
- International **export opportunity** driven by HMG ambition – 5Eyes, Indo-Pacific, Middle East, EU/NATO
- Growing opportunities in **space** due to tech advancement, democratisation of domain and increased sovereign requirements



Highlights of What We Do

We enable **military air and maritime platforms** to communicate with each other to share real-time mission pictures whilst on operation by using our communication systems.

Techmodal's Veritas product helps the British Army accurately plan and forecast requirements for equipment and material which significantly improves inventory and fleet management, plus delivers £60m savings.

STARA is a comprehensive security threat and risk assessment consisting of a variety of physical and technical assessments to identify, understand, measure and report threats.

Our National Automatic Number Plate Recognition (ANPR) solution has built the **largest data set in civil government** with over 50 million ANPR reads per day, helping in the fight against County Lines drug trafficking.

Our **child protection tool** can analyse three years' worth of data in under four hours to protect the most vulnerable from harm.

We have developed **a simulation modelling toolkit** for passenger and vehicle security screening, providing with detailed understanding of the impact of different security screening operations at major air and sea ports to improve UK border security.

In 2020, **In-Space Missions** launched the world's first commercial satellite 'rideshare' service, Faraday.

We created the first **rainbow team** in Australia to address integrated cloud and data capabilities in a way that will have global impact.

Using our **prognostic health capability**, we help the Royal Navy to predict failures on their warships before they happen and to provide detailed analysis of how to diagnose issues.

PPM's satellite and communications technology is embedded within the operational infrastructure of major broadcasters globally.

We are helping the Royal Navy transform how it gains insight from vast amounts of disparate data, enabling them to make **better decisions**.

We are one of only a handful of companies **certified by NCSC** (National Cyber Security Centre), as part of GCHQ (UK Government Communications Headquarters) as quality-assured cyber incident response providers.

Cyber

Supporting cyber missions with the enterprise-grade security relied on by governments to protect, detect and deter

Cyber threats are constantly evolving - becoming more sophisticated, targeted and sustained. We work collaboratively with organisations to protect, detect and deter adversaries, helping to enhance security through cyberspace and across the cyber ecosystem.

Today our focus is on supporting nations in their quest to become a responsible and democratic cyber power, and in supporting organisations as they build strategies against crime, fraud and threat – protecting citizens and reducing reputational risk.

We **track 130+** Advanced Persistent Cyber Threat groups

We're one of only a handful of companies **certified by GCHQ and CPNI** as quality-assured cyber incident response providers

Our **threat intelligence team was the first in the world to identify** that the Bangladesh Bank Heist, in which over \$90million was stolen in a cyber attack, was carried out by a criminal gang known as the Lazarus Group

Defence

Applying C4 technology intelligently, across networks and domains. Delivering an information advantage with communication, wireless and sensor innovation

To gain advantage in today's connected world we must be better prepared, better informed, and more able to act and adapt. Working at the heart of our customers' core missions, we deliver technology based solutions that enable our customers to collect, connect, understand, decide and effect across Land, Sea, Air, Space and Cyber, and to do so with confidence.

Underpinned by focused R&D, our work in defence pushes the boundaries of data analysis and communications, transforming disparate sources into relevant and timely intelligence and enabling decision making in the most demanding environments.

Our waveform technologies provide an operational advantage by **delivering reliable communications to satellites and spacecraft** orbiting and travelling to Mars, Venus, Jupiter and Mercury

Our Data Science capabilities are helping Dstl understand how **machine learning can be applied to Radio Communications** to deliver battle-winning advantage

We enable military air and maritime platforms to communicate with each other to **share real-time mission pictures** whilst on operation by using our communication systems

Delivery and Advisory

Building sophisticated digital programmes bolstered with unrivalled security and engineering credentials

Digitalisation is reshaping our world at unprecedented pace. As new technologies continue to ricochet around us, data has rapidly become key to organisations' very survival.

Our technology and innovation expertise, together with an unrivalled security heritage, helps our clients gain competitive advantage from the rapidly evolving digital landscape.

Our delivery and advisory services help our customers move from talking digital transformation, to engineering it.



We are enabling Global Britain through managing global HMG IT estates 24/7 across 180 countries

Our timetabling systems help keep the London Underground running by generating over 400 timetables per year for all 10 passenger lines

We are transforming national ANPR technology to better safeguard the vulnerable and prevent crime. The resulting data set is believed to be the largest in civil government with over 50m ANPR reads per day, with feeds from 11,000 cameras

Intelligence

Delivering intelligence across domains and sectors, data analysis to access the right intelligence at the right time

Intelligence is an environment where our customers have always demanded the highest levels of trust, integrity and understanding. Now, new technologies are creating new threats that need to be tackled in new ways.

From expert advice to the integration of sophisticated platforms, our solutions don't just prevent harm and protect people, they also increase operational efficiency, responsiveness and effectiveness.

We offer a comprehensive product portfolio within security and monitoring and analytical technologies. Our innovations in this space deliver a crucial advantage – enabling our customers to extract the maximum amount of intelligence from communication and other data sources to support mission critical activities.

BAE Systems deliver **cyber and intelligence solutions** to HMG and her allies

We are working closely with National Security on **secure cloud transformation**

We have been **innovating in the telecommunications sector for 35+ years**, helping service providers reduce risk and maintain security

Space

Securing and delivering deep-space communications, enabling spacecraft command and control, and leveraging expertise in waveforms and digital signal processing and analytics

The services offered by future space technology will become an integral part of our daily lives. They will also be game changing in the agility and tempo of defence and security operations. From financial transactions to military operations, global trade to global security, being able to move data securely and confidently underpins everything we do in the modern digital world.

Space is at the heart of achieving military and economic prowess on the world stage. Our space capabilities are secured, assured and resilient. We have specialist technologies in waveforms, electronics, antenna and digital signal processing and analytics with 20 years in ground based signal processing for various space agencies. Our capabilities enable sovereign, secure and resilient data sharing between different platforms – land, sea, air and space.

We can design, build and launch satellites through **In-Space Missions**

Our **waveform technologies deliver reliable communications to satellites and spacecraft** orbiting and travelling to Mars, Venus, Jupiter and Mercury

A team of our engineers developed the ‘smartphone’ like system which enabled the European Space Agency to **communicate with and control the movements of the Rosetta probe**



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