

# Trading Statement

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BAE SYSTEMS PLC  
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6th October 2016

## **BAE Systems - Trading update**

Trading for the period has been consistent with management expectations and the Group's outlook for 2016 remains unchanged, with Group underlying earnings per share expected to be approximately 5% to 10% higher than last year's adjusted underlying earnings per share of 36.6p\*.

*\* Reported underlying earnings per share of 40.2p excluding tax provision releases of 4.3p per share, and adjusting for a 0.7p per share benefit from an assumed US\$1.45 to sterling translation rate.*

In the UK we have made good progress working with our MoD customer on implementing the Strategic Defence and Security Review. A Typhoon support partnership agreement, expected to be worth £2.1bn over a ten year period, was signed in July. In the maritime domain, the UK Successor Submarine production programme has commenced with first steel cut on the 5<sup>th</sup> October and approximately £1.3bn of funding committed for the initial production award. In surface ships we are progressing towards defining an overall Type 26 build contract and a contract is being finalised for the fourth and fifth new River Class Offshore Patrol Vessels.

In the US the defence market outlook remains positive and the production ramp up on a number of the Group's long term programmes is progressing to plan. A Continuing Resolution went into effect on 1<sup>st</sup> October under which the Group does not expect any material disruption in the near term. In August we delivered ship six under our commercial shipbuilding contracts. The remaining two ships are expected to be completed in 2017. In our ship repair business the additional dry dock capacity for the San Diego operations remains on track to be operational in early 2017.

Export activity continues to be supported by the UK government and, although there can be no certainty as to the timing of orders, discussions with current and prospective operators of the Typhoon aircraft continue to support the Group's expectations for additional Typhoon contract awards.

Discussions between BAE Systems, the UK government and the Saudi Arabian government are progressing to define the scope and terms of the next five-year Saudi British Defence Co-operation Programme.

The Interim dividend of 8.6 pence per share will be paid on 30<sup>th</sup> November.

### **Full year results**

BAE Systems will announce its financial results for the year ending 31 December 2016 on 23<sup>rd</sup> February 2017.

### **Cautionary statement**

All statements other than statements of historical fact included in this statement 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, involve known and unknown risks, uncertainties and other important factors which could cause the actual results, performance or achievements of BAE Systems or the markets and economies in which BAE Systems operates to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. BAE Systems plc and its directors accept no liability to third parties in respect of this statement, 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 section 90A of the Financial Services and Markets Act 2000.

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