

AGM Trading Statement

Released : 09 May 2024 07:00

RNS Number : 6982N
BAE SYSTEMS PLC
09 May 2024

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BAE Systems plc - Annual General Meeting and Market Update

BAE Systems plc will hold its Annual General Meeting today at 9.30 a.m. At the meeting, Chair, Cressida Hogg, and Chief Executive, Charles Woodburn, will comment on the performance of the Group in 2023, as detailed in the Preliminary Results Announcement published on 21 February 2024.

The results of voting at the Annual General Meeting will be announced later today.

Additionally, BAE Systems plc provides the following update on trading in the year to date.

Charles Woodburn, BAE Systems Chief Executive, said:

"Trading so far this year has been in line with expectations. Operational performance continues to be strong and our backlog and programme incumbencies underscore our confidence in our long-term value-creating model.

"We're continuing to deliver on mission critical requirements for our customers, and progress our long-term strategic programmes within the elevated threat environment. We have commenced the integration of our new Space & Mission Systems business in the US following the closing of the Ball Aerospace acquisition in February. Our global presence and diverse portfolio of products and services provide high visibility for top-line growth, margin expansion and cash generation in the coming years."

Guidance

The Group's full year 2024 guidance is unchanged from that contained in the Preliminary Results Announcement published on 21 February 2024.

- Sales +10% to +12% (2023: £25,284m)
- Underlying EBIT +11% to +13% (2023: £2,682m)
- Underlying EPS +6% to +8% (2023: 63.2p)
- 2024 Free Cash Flow (FCF) >£1.3bn
- Cumulative FCF 2024-2026 >£5bn

- Guidance is provided on the basis of an exchange rate of \$1.24:£1 for the year
- Sensitivity to EPS is around 1.3 pence for every 5 cent movement

Increasing exposure to major defence growth markets

The Australian Government's selection of BAE Systems and ASC Pty Ltd to build Australia's new fleet of nuclear powered submarines is the latest significant development in the AUKUS trilateral security pact between the United States, the United Kingdom and Australia. Under the AUKUS agreement, Australia and the UK will operate a common submarine of the future, incorporating technology from all three nations, based on the UK's next generation design, which BAE Systems is leading. In 2023, we received c.£4bn of order intake to enable the UK programme to transition into the detailed design phase and commence procurement of long-lead items and supporting infrastructure.

BAE Systems and ASC Pty Ltd will now combine their complementary skills, expertise and capabilities under a collaborative arrangement in Australia, ultimately leading to the establishment of an incorporated Joint Venture.

With our global presence and wide portfolio of high-end technologies and services, any further expansion of the current AUKUS programme would enhance our long-term opportunity pipeline.

Order Intake

Defence spending is high across our sectors and key markets. The recent passing of the US supplemental aid package to Ukraine and the commitment by the UK Government to spend 2.5% of GDP by 2030 should build further positive momentum.

Notable awards received to date include:

- Armored Multi-Purpose Vehicles - \$754m award for a second full rate production order
- CV90 Denmark - awards for upgrades and maintenance services collectively amounting to over \$650m.
- M109 Self-Propelled Howitzers - up to \$318m for technical and sustainment support
- Amphibious Combat Vehicles - awards received collectively over \$200m
- Geospatial-Intelligence Enterprise Modelling Services - Electronic Systems announced an IDIQ contract worth up to \$182m from the US National Geospatial-Intelligence Agency
- GeoXO Atmospheric Composition Instrument - \$365m contract from NASA for the National Oceanic and Atmospheric Administration for Space & Mission Systems to develop and build a new instrument to monitor global air quality
- MBDA domestic and export awards
- The UK MoD has awarded BAE Systems a contract to maintain and repair gifted L119 Light Guns in Ukraine.

Space & Mission Systems integration

We completed the acquisition of Ball Aerospace on 16 February and renamed the business Space & Mission Systems. The integration programme is underway and the business has had a good start to the year, securing a number of key contracts. There were successful launches of multiple satellites with BAE Systems-built instruments: MethaneSAT will provide reliable scientific data about the sources and scale of methane emissions globally to help drive reductions in the future; and the Weather System Follow-on - Microwave (WSF-M) satellite will bridge critical gaps in current space-based environmental monitoring capabilities for the US Space Force.

Evolving the business for long-term growth

In support of our growth outlook and to help meet our customer aspirations, we are investing in our people, facilities and technology. In 2024, in the UK, our ambition is to hire a record 2,700 new apprentices, graduates and undergraduates.

Self-funded R&D is expected to rise with investments in high technology areas such as electronic warfare, autonomy, laser directed weapons, counter UAS, synthetic training, electrification applications and space solutions.

Capital expenditure is expected to rise compared to 2023, with capital expenditure focused on maritime, munitions and our Swedish combat vehicle production capacity and capabilities. These investments are all included within our rolling 3-year cash guidance.

Capital Distributions

The 2023 final dividend of 18.5 pence per share will be paid, subject to shareholder approval, on 3 June 2024.

We have completed over 90% of the three-year share buyback programme of up to £1.5bn, which commenced in July 2022.

In addition, in August 2023, the Board approved a further share buyback programme of up to £1.5bn which is expected to commence after completion of the current programme and conclude within three years of its commencement.

2024 Interim results

BAE Systems will announce its interim results for the half year ending 30 June 2024 on 1 August 2024.

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Forward-looking statements are not guarantees of future performance and the actual results, performance or achievements of BAE Systems plc or the markets and economies in which BAE Systems plc operates may differ materially from those made in or suggested by the forward-looking statements contained in this document. These forward-looking statements speak only as of the date of this document.

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