

BAE SYSTEMS



Celebrating
65 years
in Australia

Investing in
Australia's future



We will continue to ensure we increase our economic contribution and build on partnerships that benefit the nation.

We live in an age of increasing change and uncertainty. An age where threats are escalating, fundamentals are shifting and technology presents new and more complex security challenges.

More than ever before, Australia's defence industry plays an indispensable role in supporting the Commonwealth Government to adapt to this changing environment and develop the capability to protect the nation.

At BAE Systems, we have a 65-year track record of equipping and supporting the Australian Defence Force to help maintain a capability edge.

Last year we contributed A\$1.2 billion of economic value to Australia. We sustained more than 7,200 full-time jobs, and worked closely to support and grow the expertise of a supply chain of more than 1,600 local businesses.

We have also sought to develop skills and invest in research and development for tomorrow's industry – further contributing to a stronger, more prosperous nation.

If we look forward, our work on the planned Hunter Class Frigate Program to provide the Royal Australian Navy with a formidable fleet of advanced anti-submarine warships will nearly double our economic contribution through one program alone. Over the life of the program it is estimated that BAE Systems will contribute \$17 billion to the Australian economy. At its peak in 2028, it is expected to generate an additional 6,300 jobs and contribute just under \$1 billion in GDP to the national economy.

The future is exciting for BAE Systems in Australia. As we grow our support for the Australian Defence Force, we will continue to increase our economic contribution and build valuable partnerships that benefit the nation.

Sir Roger Carr
Chairman, BAE Systems



Our commitment to Australia

We're constantly searching for new ways to provide our customers with a competitive edge.

From a dusty paddock in Woomera in 1954 to being selected in 2018 to deliver the next generation of advanced anti-submarine warships in Adelaide, we've come a long way in 65 years of operation in Australia.

We're constantly searching for new ways to provide our customers in Australia with a competitive edge across the air, maritime, land and cyber domains.

From Henderson in Western Australia where we upgrade the ANZAC class frigates to Williamstown in New South Wales where we sustain Australia's Hawk Lead-In Fighters and will support Australia and the region's F-35 aircraft.

From Adelaide in South Australia where we conduct some of the most advanced manufacturing for the global F-35 aircraft to Melbourne in Victoria where we deliver the Nulka missile decoy for Australia, Canadian and US Navies.

We provide innovative solutions and critical capabilities to give our customers an essential edge.

With new programs across all domains, we're committed to increasing this even further and for many years to come – continuing to support the local economy, advance Australian innovation and generate local jobs and investment.

CASE STUDY JORN

No one knows wide area high frequency surveillance like we do. For 35 years we've been refining the radar technology behind one of Australia's first lines of defence, the Jindalee Operational Radar Network (JORN).

Now more than 500 of our highly skilled technicians and engineers will deliver the \$1 billion JORN upgrade and our regional footprint of more than 120 people will provide 24-hour on-site support to the radars at Alice Springs, Longreach and Laverton.

Our workforce is excited to be working with the latest advancements in this world-leading High Frequency radar that has been fully developed in Australia. Technology we have been exporting for more than a decade.

Investing in Australia's economy

As we've developed and grown over 65 years we've also increased our contribution to the Australian economy. Today we contribute \$1.2 billion to Australia's GDP each year. This is driven by a direct contribution of \$600 million from our activities, an indirect contribution of \$230 million from our supply chain and a further \$350 million as a result of our consumption activity.

For every dollar we spend, the Australian economy is boosted by a total of two dollars. Our work helps to keep Australia safe and build a more prosperous nation.

\$1.2bn

GDP contribution
in calendar year 2017

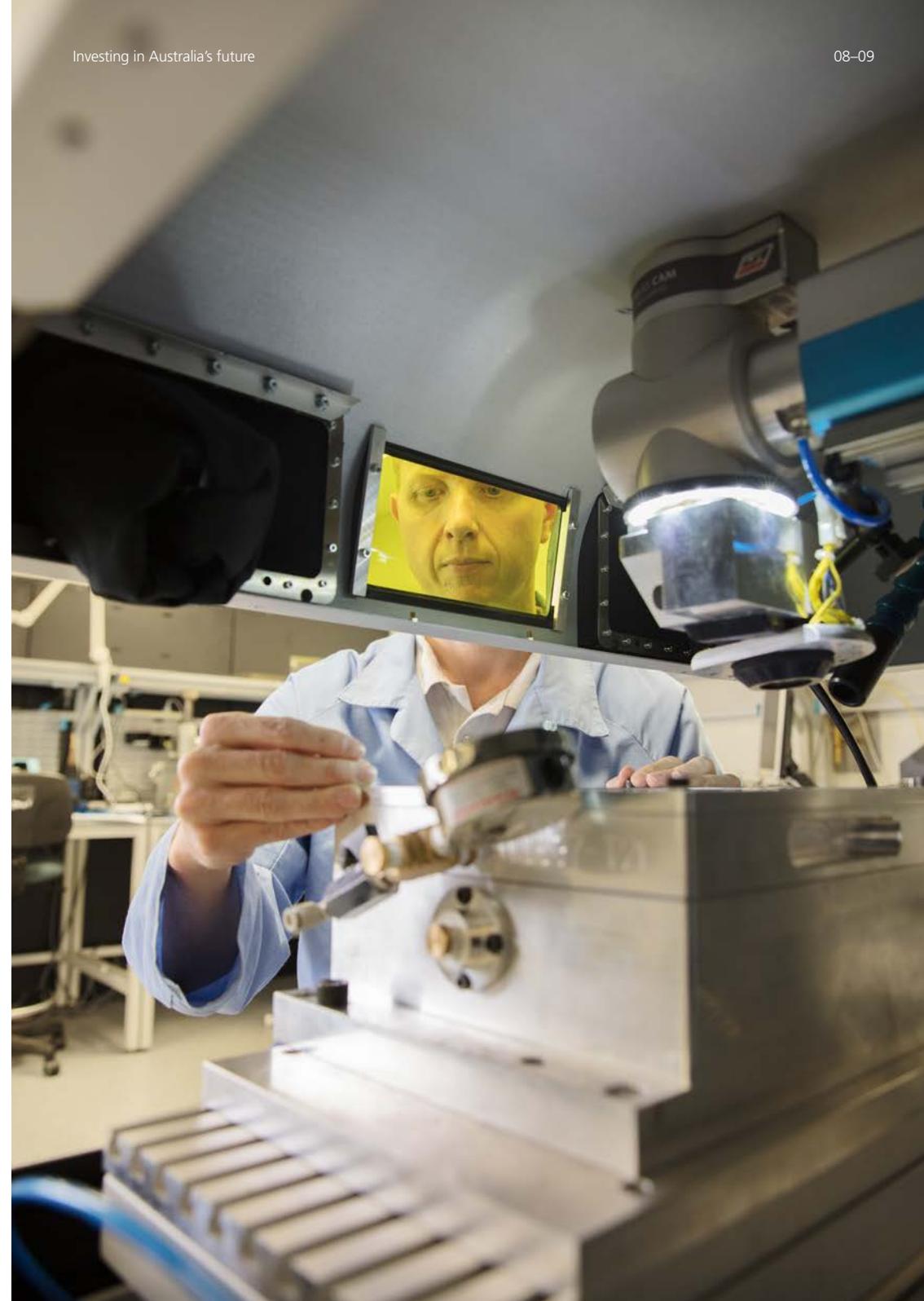
\$600m
Direct



\$230m
Indirect



\$350m
Induced





CASE STUDY F-35

The F-35 Joint Strike Fighter is a truly global program and Australia is not just a buyer of the aircraft but also helping build and sustain them.

We have invested more than \$15 million in facilities and equipment to establish a titanium machining facility in Adelaide to manufacture F-35 vertical tail components. Titanium machined vertical tail parts are then supplied to an Australian family-owned engineering firm Marand, in Victoria, who assemble them and export them to the UK.

And we'll work alongside the Royal Australian Air Force to provide the most effective sustainment services available, ensuring the F-35 is prepared and ready to be deployed anytime, anywhere.

When all of the RAAF's aircraft are delivered, BAE Systems will employ over 200 people supporting F-35 sustainment within Australia.

Investing in Australian jobs

With around 3,200 people working across 30 sites right across the country, our defence solutions produce some of the world's most advanced technologies.

To deliver this, we employ some of the most skilled people in Australia to work with unique systems and solutions to solve complex problems. We employ a large number of engineers, with STEM-based roles making up 60 per cent of our workforce. Our highly skilled workforce reflects our high level of labour productivity.

Our workforce is 20 per cent more productive than the national average, and nearly 50 per cent higher than the manufacturing sector as a whole. Our productivity has risen at a rate of 4.6 per cent per year.

Our teams are smart, motivated and engaged. That is why we support them with training and flexible working practices to encourage further study.

Our graduate program, a two-year rotation throughout the business supported by mentors, is considered among the Top 100 Graduate Programs in Australia and consistently attracts the nation's brightest minds. And it doesn't stop there. Our supply chain and consumer spending helps support a further 4,000 jobs across multiple industries.

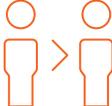
Employment Contribution

7,200
Jobs in 2017

3,200
Direct jobs



1,630
Supply chain jobs

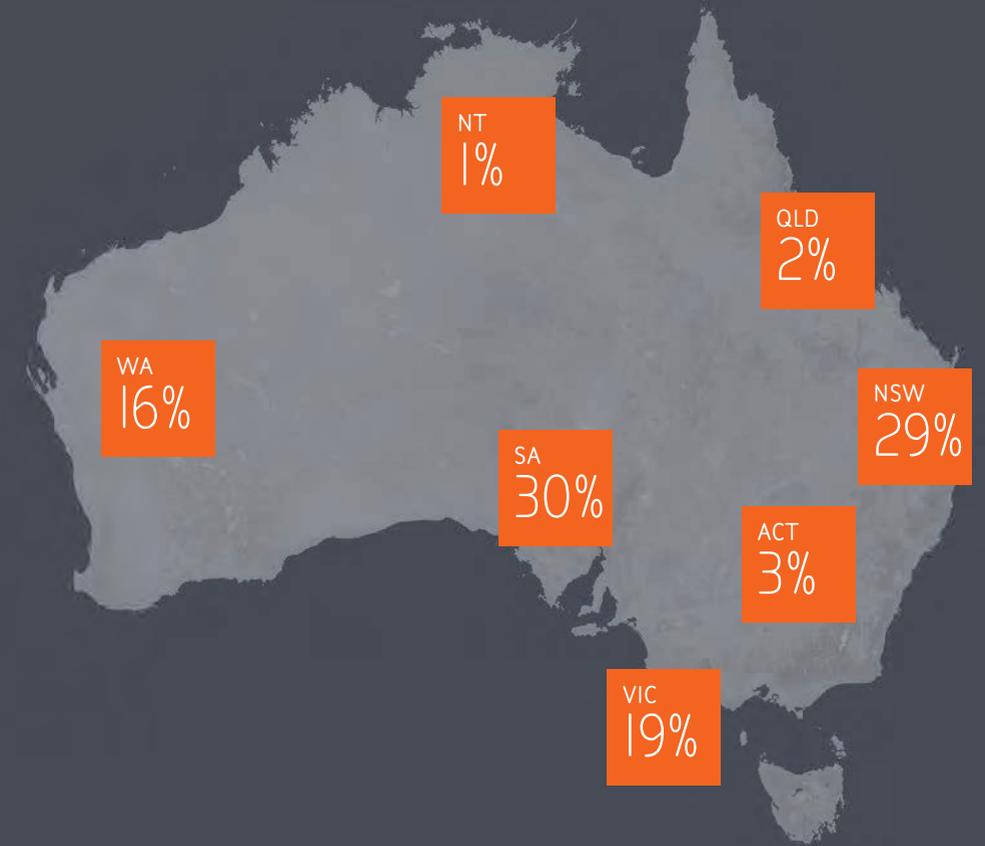


2,360
Workforce consumer supported jobs



↑95%

Engineering, technology, leadership and other professional roles



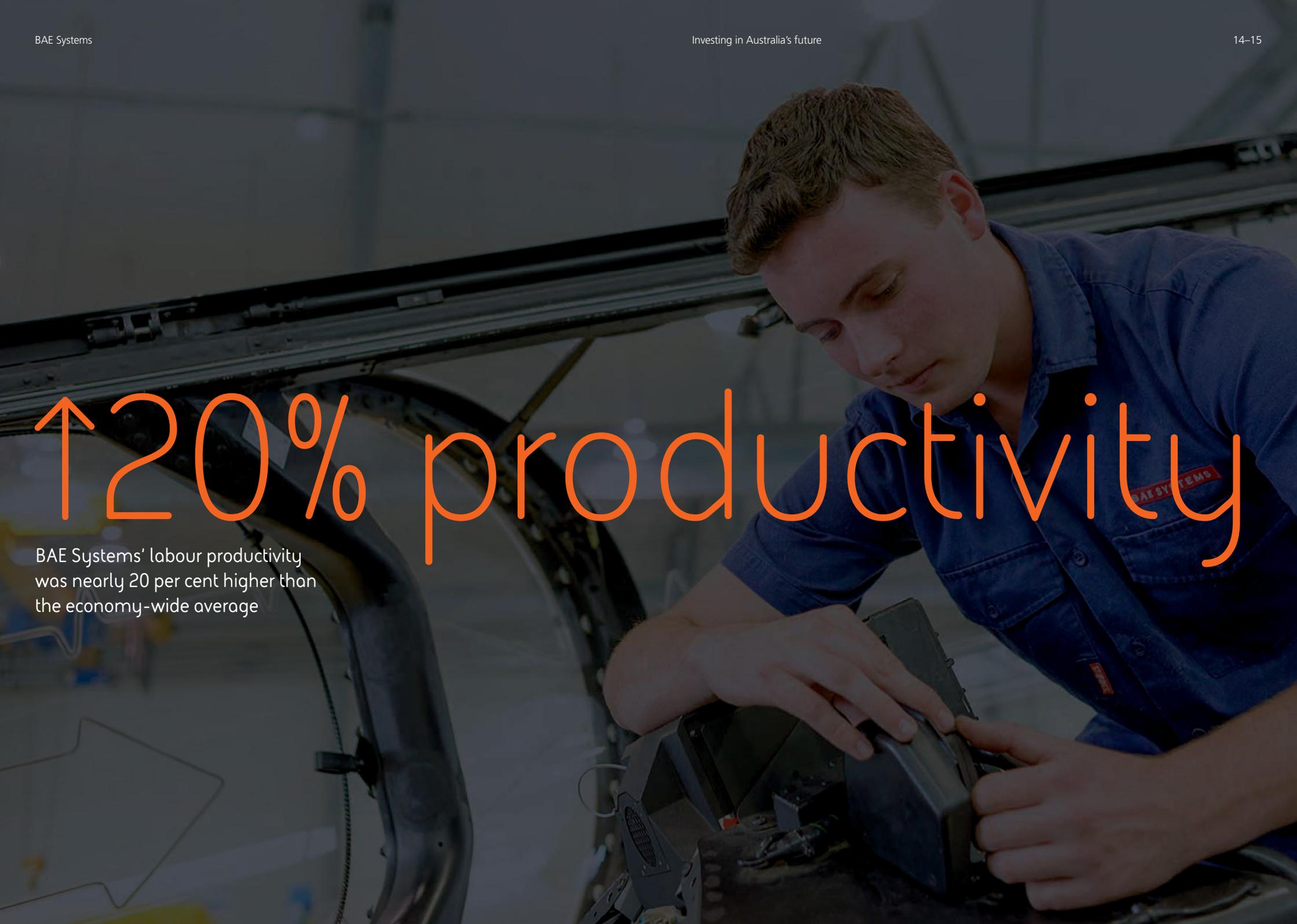
For every 10 direct jobs 23 jobs were supported across the whole economy

30 

Operational sites across Australia

↑20% productivity

BAE Systems' labour productivity was nearly 20 per cent higher than the economy-wide average



Investing in Australian research and development

Today we have technologies operating from the depths of the ocean to the far reaches of space.

BAE Systems has played its part in ensuring Australia is at the forefront of technology through continual investment over many decades. With strong collaborative relationships with the Defence Science & Technology Group, universities and other Australian industry organisations, our investment will continue to grow.

We have some of the smartest minds in Australia working tirelessly to deliver the technology and capability essential in providing security to our Nation. Today we have technologies operating from the depths of the ocean to the far reaches of space.

In 2017, investment in research and development totalled \$37 million, bringing our total spending on research and development since 2012 to \$295 million.

Measured as a share of the company's total value-added, this was more than five times the economy-wide average. In addition, we invested \$12.1 million in capital projects.

EXPORTS

\$150m



15%

of company turnover

TECHNOLOGY INNOVATION

\$295m



10%

Our investment in R&D represents 10% of our direct contribution to GDP in 2017

Invested in R&D since 2012

\$181m

Capital investment since 2012



2x Multiplier effect

For every \$1 of output the Australian economy was boosted by \$2



CASE STUDY NULKA

Nulka is now Australia's largest defence export, having generated more than \$1 billion in export revenue for our economy.

It is a unique national defence capability developed by the defence sector right here in Australia. BAE Systems is proud to work closely with the government's Defence Science & Technology Group on it. Together we were responsible for the design, development and integration of Nulka not just on Royal Australian Navy ships but also US and Canadian warships.

Approximately 50 per cent of Australia's manufacturing workshare on this decoy is distributed to local subcontractors.

By exporting Nulka, we have been able to create further opportunities for Australia, invest further in research and development, create new jobs, and further expand our Australian supply chain.

Investing in Australian businesses

We support our suppliers to grow their businesses and the number of Australians they employ.

Over 65 years we have developed long and enduring relationships with many Australian suppliers, with many supporting more than one of our programs. We support our suppliers to grow their businesses and the number of Australians they employ.

We are proud to have some 1,600 companies as part of our supply chain, and spent \$330 million with them in 2017. These companies are right across Australia and touch many sectors.

Australian industry also benefits from our global reach. Once companies are approved suppliers to BAE Systems Australia, we can offer them opportunities through our \$18 billion global supply chain via our Global Access Program.

Some 19 Australian companies are participating in the program – with five already exporting into the Type 26 Program in the UK, from which Australia's Hunter Class Frigates will evolve. The Global Access Program team works with each company first identifying opportunities across our global supply chain and partners and then following through with expertise in engineering, procurement and quality specialists from within our company, helping them deliver a competitive solution.

PROCUREMENT

\$330m 

Goods procured from Australian suppliers

80%

Procured from Australian suppliers

Our supply chain supports 1,630 jobs nationwide



We spent \$330 million with 1,600 Australian suppliers



CASE STUDY MARITIME SUSTAINMENT

HMAS Arunta's new mast has been installed as part of the ship's Mid Life Capability Assurance Program (AMCAP) being undertaken at our Henderson facility in Western Australia.

The new mast was manufactured by BAE Systems at Henderson as part of the Warship Asset Management Agreement (WAMA) between BAE Systems, SAAB Australia, Naval Ship Management (NSM) and the Commonwealth of Australia.

Around 2.4 million hours will be required to undertake the AMCAP upgrades to Australia's eight ANZAC class frigates. Four hundred of our people, with the support of some 250 from other companies, are currently working on the upgrade to the ANZAC frigate fleet. This important ANZAC Midlife Capability upgrade program has underpinned the growth of our facility at Henderson.

We are proud to support the Royal Australian Navy with the sustainment of FFG, LHD, DDG as well as ANZAC ships. Our maritime sustainment team of some 1,000 people stretches right across the country, from Henderson to Garden Island in New South Wales. From Williamstown, Victoria to Cairns in Queensland.



Investing in Australia's future

What Australia needs to stay safe is changing and so are we. We're constantly developing new products and practices to give the Australian Defence Force the edge it needs and working with our supply chain to ensure they evolve and benefit with us.

We currently manage more than 200 programs for the Commonwealth of Australia, and just one of those will create an impact that doubles the contribution we make today. Building the Hunter Class Frigates, the world's first and only bow-to-stern digitally designed anti-submarine warship, will transform the Australian shipbuilding industry and support the workforce for generations to come.

BAE Systems and the UK Government will transfer more than 5,000 'work years' of world-class technical design to Australia, worth \$1.5 billion, to support the national shipbuilding endeavour. More than 500 Australian companies have prequalified to be part of our supply chain for this program. These companies are located right across Australia.

At its peak in 2028, the program will support 6,300 jobs and \$1 billion to Australia's economy. For every \$1 BAE Systems spends on the program, the Australian economy will be boosted by \$2.30.

At its peak in 2028 the
Hunter Class Frigate Program
will support:

\$1 billion
GDP

For every \$1.00
BAE Systems
spends, Australia's
economy is
boosted by \$2.30

6,300 
FTE jobs

Employment
multiplier of 2.7

— for every 10 direct jobs
27 will be created across
the economy





Giving Australia the edge
where it counts



Celebrating
65 years
in Australia

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