

BAE Systems unveils record orders as Ukraine war bolsters military spending

Defence giant [BAE Systems](#) notched up record orders in 2022 amid an “elevated threat environment” after Russia’s invasion of [Ukraine](#).

Britain’s biggest defence firm reported its highest ever order intake of £37.1 billion for last year, which saw its order backlog jump to £58.9 billion as countries bolster their defences in response to Vladimir Putin’s invasion of Ukraine a year ago this week.

The FTSE 100-listed firm posted flat operating profits of £2.4 billion, but said earnings on an underlying basis rose 5.5% to £2.5 billion as sales on its preferred measure rose 4.4% to £23.3 billion.

BAE Systems said: “While it is tragic that it took a war in [Europe](#) to raise the awareness of the importance of defence around the globe, BAE Systems is well positioned to help national governments keep their citizens safe and secure in an elevated threat environment.”

Our record orders and financial performance give us confidence in delivering long-term growth and to continue investing in new technologies, facilities and thousands of highly skilled jobs, whilst increasing shareholder returns

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The group said it expects sales to rise further in 2023, by between 3% and 5%, while underlying earnings are forecast to increase by 4% to 6%.

BAE – which builds ships, submarines and fighter jets – lifted its final shareholder dividend payout to 15.2p from 14.3p in 2021.

But shares in the firm fell 3% in morning trading on Thursday as its pre-tax profits came in below City expectations, at £1.99 billion against £2.11 billion in 2021.

The group had hiked its outlook in November on the boom in global military spending.

Charles Woodburn, chief executive of BAE, said: “We’ve delivered another year of strong results across the group.

“Our record orders and financial performance give us confidence in delivering long-term growth and to continue investing in new technologies, facilities and thousands of highly skilled jobs, whilst increasing shareholder returns.”

Aarin Chiekrie, equity analyst at [Hargreaves Lansdown](#), said BAE saw sales “jet forward” in 2022.

He added: “Its customers are governments whose budgets aren’t constrained by a recession in the same way that a typical consumer’s is.

“And with many governments raising their defence budgets amid escalating global tensions, BAE is benefitting by capturing this extra spending.”

But he said “turbulent energy costs and potential supply chain issues” are potential “trip hazards” for the group.