

# WAR PROFITEERS

## Top 15 European arms dealers' profits in 2022

*On 24 February 2022, Russia invaded Ukraine and started a war that the Russian leader Putin, as well as most observers, thought would be short and hopeless for Ukraine. Yet, Ukraine's resistance after more than a year of fighting defied all predictions, albeit at a deadly cost.*

*The devastating and unfair nature of (any) war should not, however, prevent us from taking a look at what is happening behind the scenes, and observing who benefits from the misfortune of others. This issue is particularly relevant at EU level, where unprecedented sums have been allocated or decided over the last 18 months for the delivery, acquisition, development, or production of military equipment.*

*This equipment is produced by arms companies whose main objective is to make profits, in line with the logic of our market economy.*

*The purpose of this fact-sheet is to look at the sales and profits of the 15 main European arms producers in 2022, and see to what extent they are profiting from the current war and the billions of euros in EU subsidies justified by support for Ukraine.*

### Methodology

The top 15 European companies were selected on the basis of their military sales in 2021, using the SIPRI Top 100 list of the world's largest arms and military services companies<sup>1</sup>. These are: 1) BAE, UK - 2) Leonardo, IT - 3) Airbus, trans-European (FR, DE, ES) - 4) Thales, FR - 5) Dassault, FR - 6) Safran, FR, 7) Rolls-Royce, UK - 8) MBDA, trans-European (FR, IT, UK) - 9) Naval Group, FR - 10) Rheinmetall, DE - 11) Saab, SW - 12) Babcock, UK - 13) KNDS (Nexter & KMW), trans-European (FR & DE) - 14) Fincantieri, IT - 15) ThyssenKrupp Marine Systems (TKMS), DE. ThyssenKrupp is 16th, but as there was no 2022 data available for CEA (14th) we have included TKMS in the top 15. For profit figures, we generally used "EBIT" (Earnings before Interest and Taxation), or sometimes adjusted EBIT excluding exceptional items, or what the company called "operating profit".

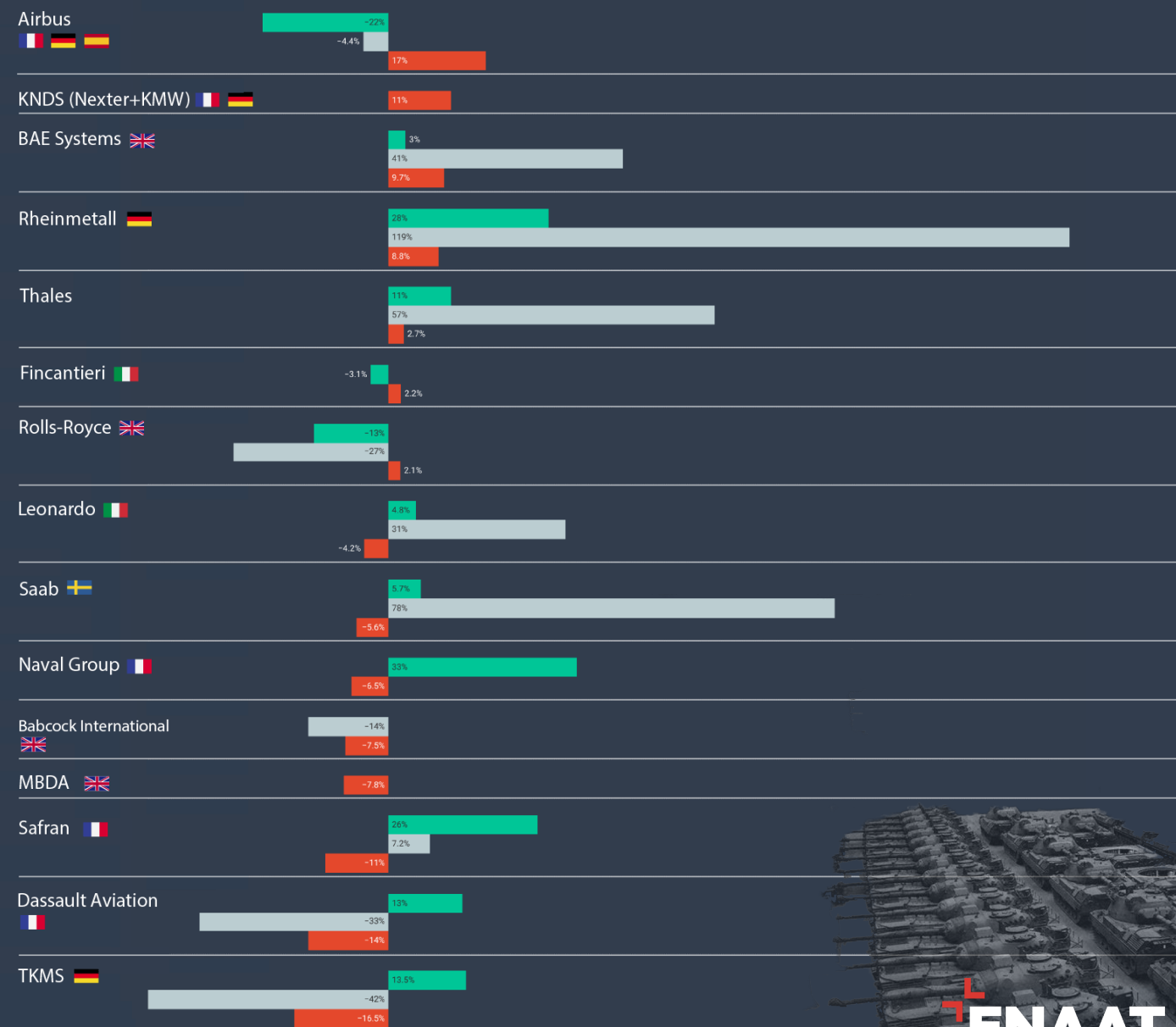
When available, we used specific figures for the defence-related share of a company's sales (if also available in the SIPRI database for 2021). In other cases, the SIPRI methodology for the 2021 figures is reproduced, using e.g. divisional breakdowns of sales, and then applied to 2022. Data was collected first in national currencies, and converted into Euros at the average annual exchange rate for 2022 when needed. The 2021 SIPRI figures were in dollars, also converted at the average annual rate<sup>2</sup>.

<sup>1</sup> SIPRI Arms Industry Database | SIPRI

<sup>2</sup> 2021: \$1 = €0.846 = £0.727 = SEK8.576. 2022: \$1 = €0.951 = £0.811 = SEK10.113

# European arms company revenue and profits 2022

Change in operational profits 2021-2022    Change in share price over 2022    Change in arms sales 2021-2022



## Main findings

- **2022 total arms sales of the top 15 European arms companies: €95.8 billion<sup>3</sup>**
  - +1.5% in real terms compared with 2021.
  - Biggest arms sales increases: Airbus (+17%), BAE Systems (+9.7%)
- **Total operating profit (excl MBDA<sup>4</sup>): €17.6 billion**
  - +14.3% in real terms.
  - Falls to +11.2% when excluding the purely civil divisions of Airbus, Rolls Royce, Rheinmetall, and ThyssenKrupp (no easy separation for the other companies), still a significant increase.
- **Profits increase for all but two companies (Airbus and Rolls-Royce).**
  - Babcock went from a loss of €33m in 2021 to a profit of €279m in 2022<sup>5</sup>, clearly a major increase in profitability.
- **Share prices<sup>6</sup> went up for most companies.**
  - Biggest increases: Rheinmetall<sup>7</sup> (+119%), Saab (+78%), Thales, (+57%), BAE (+41%)

**While not all of the increases are spectacular, there is a clear upward trend in arms industry revenue and profits within a general increase of military spending.**

In 2022, the equipment delivered to Ukraine was largely coming from existing stocks, which are now coming to an end and will have to be replenished.

New EU funding has recently been adopted and will begin to have an impact in the second half of 2023, and even more so in 2024: in particular EDIRPA<sup>8</sup>, which will support the joint procurement of military equipment, with an incentive bonus for purchases destined for Ukraine and Moldova, and ASAP<sup>9</sup>, which will help boost the production of munitions and missiles via subsidies to manufacturers.

3 Based on companies' annual reports and applying SIPRI's methodology.

4 For which no reported profit figure could be found

5 Such a trend from loss to profit cannot be represented in %

6 Some of the Top 15 companies are not publicly traded because they are nationalised (Naval Group, Fincantieri) or owned by other companies (MBDA, KNDS )


7 Rheinmetall's more than doubling of its share price is largely due to the announcement of the one-off special fund of €100 billion to upgrade the German military. German arms companies' value share soared after announcement of the Fund.

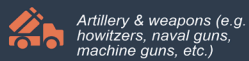
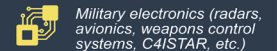
8 The European Defence Industry Reinforcement through common Procurement Act (EDIRPA) is to be adopted in September, and will dedicate €300 million in 2024-2025 to fund the extra costs of joint procurements of military equipment. Read here for more information.

9 The Regulation on supporting ammunition production (ASAP) entered into force on 25 July and will dedicate €500 million in 2024-2025 to the ramp-up of ammunition production capacities of European manufacturers. Read here for more information.



# European companies business areas

BAE Systems*									
Leonardo*									
Airbus*									
Thales									
Dassault									
Safran									
Rolls-Royce									
MBDA									
Naval Group									
Rheinmetall									
Saab									
Babcock**									
KNDS									
Fincantieri									
ThyssenKrupp Marine Sys.									



\*BAE Systems, Leonardo, and Airbus are joint owners of MBDA.

\*\* Babcock are a shipbuilder, but also a major military services company (base management, training, equipment support etc.) for land, naval, and air systems.