

Appendix 9A. The 100 largest arms-producing companies, 2004

EAMON SURRY and THE SIPRI ARMS INDUSTRY NETWORK*

I. Selection criteria and sources of data

Table 9A.1 lists the world's 100 largest arms-producing companies (excluding Chinese companies), ranked by their arms sales in 2004. The table contains information on the companies' arms sales in 2003 and 2004 and their total sales, profit and employment in 2004. It includes public and private companies, but excludes manufacturing or maintenance units of the armed services. Only companies with manufacturing activities in the field of military goods and services are listed, not holding or investment companies. Chinese companies are excluded because of the lack of data. Companies from other countries might also have been included at the lower end of the list had sufficient data been available.

Publicly available information on arms sales and other financial and employment data of the arms industry worldwide are limited. The sources of data for table 9A.1 include: company annual reports and websites; a SIPRI questionnaire; and news published in the business sections of newspapers, in military journals and by Internet news services specializing in military matters. Press releases, marketing reports, government publications of prime contract awards and country surveys were also consulted. Where no data are available from these sources, estimates have been made by SIPRI. The scope of the data and the geographical coverage are largely determined by the availability of information. All data are continuously revised and updated and may change between different editions of the SIPRI Yearbook.

The source for the dollar exchange rates is the International Monetary Fund (IMF), as provided in its *International Financial Statistics*.

II. Definitions

Arms sales. Arms sales are defined by SIPRI as sales of military goods and services to military customers, including both sales for domestic procurement and sales for export. Military goods and services are those which are designed specifically for military purposes and the technologies related to such goods and services. They exclude sales of general-purpose goods (e.g., oil, electricity, office computers, cleaning services, uniforms and boots). They include all revenue related to the sale of military equipment, that is, not only for the manufacture but also for the research and development, maintenance, servicing and repair of the equipment. This definition serves as a

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guideline; in practice it is difficult to apply. Nor is there any good alternative, since no generally agreed standard definition of 'arms sales' exists. The data on arms sales in table 9A.1 often reflect only what each company considers to be the defence share of its total sales. The comparability of company arms sales in table 9A.1 is therefore limited.

Total sales, profit and employment. Data on total sales, profit and employment are for entire companies, not for arms-producing divisions alone. All data are for consolidated sales, including those of national and foreign subsidiaries. The profit data represent profit after taxes. Employment data are year-end figures, except for those companies which publish only a yearly average. All data are presented on the financial year basis reported by the company in its annual report.

III. Calculations

Arms sales are sometimes estimated by SIPRI. In some cases SIPRI uses the figure for the total sales of a 'defence' division, although the division may also have some, unspecified, civil sales. When the company does not report a sales figure for a defence division or similar entity, estimates can sometimes be made based on data on contract awards, information on the company's current arms production programmes and figures provided by company officials in media or other reports.

The data for arms sales are used as an approximation of the annual value of arms production. For most companies this is realistic. The main exception is shipbuilding companies. For these companies there is a significant discrepancy between the value of annual production and annual sales because of the long lead (production) time of ships and the low production run (number). Some shipbuilding companies provide estimates of the value of their annual production. These data are then used by SIPRI for those companies.

All data are collected in local currency and at current prices. For conversion from local currencies to US dollars, SIPRI uses the IMF annual average of market exchange rates. The data in table 9A.1 and most of the tables in chapter 9 are provided in current dollars. Changes between years in these data are difficult to interpret because the change in dollar values is made up of several components: the change in arms sales, the rate of inflation and, for sales conducted in local currency, fluctuations in the exchange rate. Sales on the international arms market are often conducted in dollars. Fluctuations in exchange rates then do not have an impact on the dollar values but affect instead the value in local currency. If the value of the dollar declines, then the company's revenue in local currency falls and, if its production inputs are paid for in local currency—which most often is the case—this has a negative impact on the company's profit margins. Calculations in constant dollar terms are difficult to interpret for the same reasons. Without knowing the relative shares of arms sales derived from domestic procurement and from arms exports, it is impossible to interpret the exact meaning and implications of the arms sales data. These data should therefore be used with caution. This is particularly true for countries with strongly fluctuating exchange rates.¹

¹ On the benefits of using purchasing power parity rates rather than market exchange rates when converting currencies in the case of military expenditure see appendix 8E in this volume.

Table 9A.1. The 100 largest arms-producing companies (excluding China), 2004
 Figures in columns 6, 7, 8 and 10 are in US\$ m., at current prices and exchange rates.

1	2	3	4	5	6	7	8	9	10	11
Rank ^a	2003	Company (parent company)	Country/ region	Sector ^b	Arms sales		Total sales, 2004	Column 6 as % of column 8	Profit 2004	Employment 2004
					2004	2003				
1	2	Boeing ^c	USA	Ac EI Mi Sp	27 500	24 370	52 457	52	1 872	159 000
2	1	Lockheed Martin ^d	USA	Ac EI Mi Sp	26 400	24 910	35 526	74	1 266	130 000
3	3	Northrop Grumman	USA	Ac EI Mi SA/A Sh Sp	25 970	22 720	29 853	87	1 084	125 400
4	4	BAE Systems ^e	UK	A Ac EI Mi SA/A Sh	19 840	15 760	24 687	80	-855	90 000
5	5	Raytheon	USA	EI Mi	17 150	15 450	20 245	85	417	79 400
6	6	General Dynamics	USA	A EI MV Sh	15 150	13 100	19 178	79	1 227	70 200
7	8	EADS ^f	Europe	Ac EI Mi Sp	9 470	8 010	39 455	24	1 280	110 660
8	7	Thales	France	EI Mi SA/A	8 950	8 350	12 780	70	246	55 480
9	9	United Technologies, UTC	USA	EI Eng	6 740	6 210	37 445	18	2 788	209 700
10	11	L-3 Communications	USA	EI	5 970	4 480	6 897	87	382	44 200
11	10	Finmeccanica	Italy	A Ac EI MV Mi SA/A	5 640	4 550	10 764	52	681	51 030
12	13	SAIC ^g	USA	Comp (Oth)	4 670	3 700	7 187	65	409	42 400
13	12	Computer Sciences Corp., CSC ^h	USA	Comp (Oth)	4 330	3 780	14 059	31	810	79 000
S	S	MBDA (BAE Systems, UK/ EADS, Europe/ Finmeccanica, Italy)	Europe	Mi	3 850	2 710	3 851	100	..	10 000
14	14	Rolls Royce ⁱ	UK	Eng	3 310	3 020	10 877	30	375	35 400
15	18	DCN ^j	France	Sh	3 240	2 150	3 240	100	260	12 280
16	23	Halliburton ^k	USA	Comp (Oth)	3 100	1 790	20 466	15	-979	97 000
S	S	KBR (Halliburton)	USA	Comp (Oth)	3 100	1 790	12 468	25	..	..
17	17	General Electric	USA	Eng	3 000	2 400	152 866	2	16 819	307 000
S	S	Pratt & Whitney (UTC)	USA	Eng	2 990	3 030	8 300	36	..	34 180

1	2	3	4	5	6	7	8	9	10	11	
Rank ^a	2004	2003	Company (parent company)	Country/ region	Sector ^b	Arms sales		Total sales, 2004	Column 6 as % of column 8	Profit 2004	Employment 2004
						2004	2003	2004		2004	2004
18	15		Honeywell International	USA	EI	2 810	2 560	25 601	11	1 281	109 000
19	16		Mitsubishi Heavy Industries ^f	Japan	Ac MV Mi Sh	2 500	2 430	23 945	10	37	34 310
20	24		ITT Industries	USA	EI	2 410	1 790	6 764	36	432	44 000
21	20		GKN	UK	Ac	2 400	2 020	8 145	29	1 020	36 600
22	19		United Defense, UD	USA	MV	2 290	2 050	2 292	100	166	7 700
23	25		Groupe Snecma	France	Eng	1 950	1 750	8 462	23	291	39 490
24	26		Saab	Sweden	Ac EI Mi	1 930	1 700	2 429	79	148	11 940
25	28		Alliant Techsystems	USA	SA/A	1 740	1 460	2 801	62	154	14 000
26	21		Rheinmetall	FRG	A EI MV SA/A	1 720	1 810	4 240	41	125	18 280
27	27		CEA	France	Oth	1 720	1 540	3 878	44	333	14 940
S	S		Rheinmetall DeTec (Rheinmetall)	FRG	A EI MV SA/A	1 720	1 810	1 719	100	..	6 799
S	S		Sikorsky (UTC)	USA	Ac	1 690	1 520	2 500	68	..	8 980
28	22		Groupe Dassault Aviation	France	Ac	1 670	1 810	4 297	39	383	12 040
S	S		Eurocopter Group (EADS)	France	Ac	1 620	1 440	3 453	47	..	..
29	36		Harris	USA	EI	1 550	1 170	2 519	62	133	10 900
30	34		Rockwell Collins	USA	EI	1 540	1 270	2 930	52	301	15 800
S	S		DynCorp (CSC) ^m	USA	Comp (Oth)	1 430	1 660	..	..	..	..
31	32		Goodrich	USA	Comp (Ac)	1 420	1 320	4 725	30	172	21 300
32	38		QinetiQ	UK	Comp (Oth)	1 390	1 110	1 598	87	129	10 400
33	33		Israel Aircraft Industries	Israel	Ac EI Mi	1 370	1 310	2 050	67	82	14 570
34	30		Kawasaki Heavy Industries ^f	Japan	Ac Eng Mi Sh	1 320	1 370	11 476	12	106	28 680
35	29		Textron	USA	Ac EI Eng MV	1 300	1 400	10 242	13	365	44 000
36	40		Titan Corporation	USA	Comp (Oth)	1 290	1 010	2 047	63	-38	12 000
37	41		DRS Technologies	USA	EI	1 280	940	1 309	98	61	5 660
38	39		Smiths ⁿ	UK	EI	1 240	1 100	4 852	26	390	26 730

1	2	3	4	5	6	7	8	9	10	11
Rank ^a		Company (parent company)	Country/ region	Sector ^b	Arms sales		Total sales, 2004	Column 6 as % of column 8	Profit 2004	Employment 2004
2004	2003									
67	61	Diehl	FRG	Mi SA/A	650	630	1 975	33	..	10 730
68	S	MTU Aero Engines	FRG	Eng	620	500	2 383	26	16	7 680
69	77	Bharat Electronics	India	El	620	460	709	87	98	12 390
S	S	Samsung Techwin (Samsung)	S. Korea	A El Eng MV	620	520	1 729	36	23	4 140
70	71	Indra	Spain	El	610	510	1 347	45	106	6 520
71	-	Armor Holdings	USA	Comp (MV Oth)	610	90	980	62	81	4 310
72	76	Irkut ^o	Russia	Ac	570	480	622	92	68	14 020
S	65	Alvis (BAE Systems) ^u	UK	MV Oth	570	570	..	..	..	..
73	64	Fincantieri ^u	Italy	Sh	560	570	2 704	21	124	9 270
74	82	Stewart & Stevenson	USA	MV	550	450	1 157	48	5	3 000
75	93	ARINC	USA	Comp (El)	530	350	734	72	9	3 000
S	S	United States Marine Repair (UD)	USA	Comp (Sh)	530	510	573	93	..	..
76	63	Korea Aerospace Industries ^v	S. Korea	Ac	510	600	571	89	6	2 920
77	72	Aerospace Corporation ^t	USA	Comp (Oth)	510	510	..	..	..	..
78	94	Curtiss-Wright Corporation	USA	Comp (Ac)	480	350	955	50	65	5 600
79	85	EDO	USA	El	480	410	536	89	29	2 550
80	79	CAE ^y	Canada	El	460	450	758	61	..	4 800
81	99	Ishikawajima-Harima HI/ Mitre ^z	Japan	Eng Sh	460	310	10 066	5	20	7 390
82	84	Denel	USA	Oth	460	430	871	53	..	5 900
83	81	Denel	S. Africa	A Ac El MV Mi SA/A	450	450	586	76	-248	9 940
84	89	Ultra Electronics	UK	El	450	370	586	77	43	2 680
85	90	Cubic Corporation	USA	Comp (El Oth)	450	370	722	63	37	5 950
86	88	Tenix	Australia	El SA/A Sh	440	370	646	68	..	3 000
87	42	DaimlerChrysler, DC ^{aa}	FRG	Eng	440	920	176 471	..	3 063	384 720
88	80	Avio	Italy	Eng	440	450	1 516	29	-47	4 770

89	S	Aerokosmicheskoe Oborudovanie ^o	Russia	El	440	490	583	76	36	42 400
S	S	ADI (Transfield Group/Thales)	Australia	El SA/A Sh	440	420	..	..	..	..
S	S	MTU Friedrichshafen (DC)	FRG	Eng	440	380	1 677	26	..	5 850
90	92	Moog	USA	Comp (El Mi)	430	360	939	46	57	5 780
91	86	Ericsson	Sweden	El	410	400	17 958	2	2 589	50 530
S	S	Ericsson Microwave (Ericsson)	Sweden	El	410	400	418	99	..	1 660
S	S	Land Systems Hägglunds (BAE Systems) ^b	Sweden	MV	410	290	410	100	..	1 030
92	91	SMA	France	Comp (Ac)	400	360	401	100	-1	3 310
93	78	Israel Military Industries	Israel	A MV SA/A	400	460	450	90	..	2 400
94	83	Kongsberg Gruppen	Norway	El Mi SA/A	400	430	955	42	5	4 020
95	-	Meggitt	UK	Oth	390	290	878	45	63	4 420
96	67	Jacobs Engineering Group ^c	USA	Comp (Oth)	390	560	4 594	9	129	24 400
97	95	Toshiba ^d	Japan	El Mi	380	340	53 942	1	426	165 000
98	100	Orbital Sciences Corporation	USA	Sp	370	300	676	54	200	2 450
99	-	Embraer	Brazil	Ac	360	260	3 505	10	429	14 650
100	-	Patria Industries	Finland	Ac MV SA/A	360	220	430	83	32	1 880

^a Companies are ranked according to the value of their arms sales in 2004. Companies with the designation S in column 1 or 2 are subsidiaries. A dash (-) in column 2 indicates either that the company did not make arms sales in 2003 or that it did not rank among the 100 largest companies in 2003. Company names and structures are listed as they were on 31 Dec. 2004. Information about subsequent changes is provided in these footnotes. The 2003 ranks may differ from those published in *SIPRI Yearbook 2005* owing to the continual revision of data, most often because of changes reported by the company itself and sometimes because of improved estimations. Major revisions are explained in these footnotes.

^b Key to abbreviations: A = artillery, Ac = aircraft, El = electronics, Eng = engines, Mi = missiles, MV = military vehicles, SA/A = small arms/ammunition, Sh = ships, Sp = space and Oth = other. Comp (. .) = components, services or anything less than final systems in the sectors within the parentheses; it is used only for companies that do not produce final systems.

^c Figures for Boeing arms sales are for the Total Integrated Defense Systems unit, excluding the sales of the largely civilian Launch and Orbital Systems unit. Beginning in 2003 Boeing changed the way in which they report their market segments.

^d Figures for Lockheed Martin arms sales include management fees from the US Department of Energy for the management of nuclear weapons programmes.

^e Figures for BAE Systems arms sales are for total non-commercial sales. The sales reported by the company for their 'Commercial Aerospace' business group are primarily accounted for by their 20% interest in Airbus. In addition, data for BAE Systems' arms sales include an estimate of \$330 million for the arms sales of Alvis in the first 7 months of the year. Alvis was acquired by BAE Systems in Aug. 2004.

^f EADS (the European Aeronautic Defence and Space Company) is 30.09% owned by DaimlerChrysler (Germany), 30.09% by Lagardère (France) together with French financial institutions and Sogepa (a French state holding company), and 5.5% by SEPI (Sociedad Estatal de Participaciones Industriales, a Spanish state holding company). EADS is registered in the Netherlands.

^g The figure for SAIC total sales does not include \$874 million for Telcordia, a telecommunications subsidiary sold on 15 Mar. 2005. In their annual report for financial year (FY) 2005, SAIC provides reclassified data to reflect Telcordia as a discontinued operation.

^h The figure for CSC total sales does not include revenue for DynCorp International, classified by CSC in their 2005 annual report as 'discontinued operations'. DynCorp International was divested by CSC in Feb. 2005. Figures for CSC's 2004 arms sales include both its reported sales to the US Department of Defense (DOD) and the value of contracts awarded to DynCorp International by the US DOD during FY 2004.

ⁱ Figures for Rolls Royce arms sales are for their 'Defence' business division and an estimate of 45% of their 'Marine' business division.

^j Figures for DCN are for sales revenue rather than value of production.

^k Arms sales for Halliburton are an estimate based on one-third of their 'government and infrastructure division' sales. In the *SIPRI Yearbook 2005* Top 100 list for 2003, US DOD prime contract awards were listed as an approximation of arms sales.

^l For Japanese companies figures in the arms sales column represent new military contracts rather than arms sales.

^m Figures for Dyncorp represent US DOD prime contracts awarded rather than arms sales.

ⁿ Data for Smiths arms sales are for 60% of their 'Aerospace Division', in addition to an estimate of some limited defence work done within their 'Specialty Engineering' division.

^o This is the third year that Russian companies have been covered by the SIPRI Top 100. There may be other companies that should be in the list, but insufficient data are available. The situation in the Russian arms industry is still very fluid, and company names are likely to change as they are restructured. Irkut and Sukhoi provide detailed information on their websites, and all data are from their own consolidated financial statements. For all other Russian companies in the list, figures for total sales and profits in 2004 are from Expert RA, the Russian rating agency, while figures for arms sales share estimates and employment are from the Centre for Analysis of Strategies and Technologies. The arms sales share estimate for Almaz-Antei is from the *Defence News* Top 100 List of Companies.

^p The military shipbuilding activities of Izar were transferred to a new company, 'New Izar', on 31 Dec. 2004. The company was subsequently launched with the name Navantia on 2 Mar. 2005. The Spanish state holding company SEPI is the sole shareholder.

^q ST Engineering was previously a subsidiary of Singapore Technologies Pte Ltd, which was dissolved on 31 Dec. 2004. As of 1 Jan. 2005, all companies that were under the control of Singapore Technologies Pte Ltd, including ST Engineering, came under the direct control of Temasek Holdings, an investment holding company of the Singapore Government.

^r Figures for Samsung arms sales are for the estimated arms sales of Samsung Techwin and 50% of the sales of Samsung Thales.

^s Limited financial data are publicly available for AM General. The SIPRI estimate of arms sales is based on a 3-year average of US DOD prime contract awards plus an estimate of their exports.

^t Devonport Management Limited is owned by Halliburton KBR (51%), Balfour Beatty (24.5%) and the Weir Group (24.5%).

^u The figure for Alvis's arms sales in 2004 is based on available data for 2003. Alvis was acquired by BAE Systems in Aug. 2004 and integrated into their Land Systems business.

^v Fincantieri is owned by Fintecna, which was formed in Nov. 2002 from the Institute for Industrial Reconstruction, an Italian state holding company which had been in a process of liquidation since 2000.

^w Korea Aerospace Industries was established in 1999 through the consolidation of Samsung Aerospace, Daewoo Heavy Industries and Hyundai Space and Aircraft Company.

^x The Aerospace Corporation operates a Federally Funded Research and Development Center for the US DOD. Figures are for 2003, as the company did not produce an annual report for 2004.

^y Data for CAE arms sales include an estimate of \$101 million for their divested Marine business.

^z Mitre operates 3 Federally Funded Research and Development Centers for the US DOD.

^{aa} Figures for DaimlerChrysler arms sales are for the arms-producing activities of MTU Friedrichshafen and exclude DaimlerChrysler's 30.1% share in EADS.

^{bb} Hägglunds Vehicle was a subsidiary of Alvis during the first 7 months of 2004. Alvis was acquired by BAE Systems in Aug. 2004.

^{cc} Figures for Jacobs Engineering Group arms sales represent US DOD prime contracts awarded.