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# JIED

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## THE EW TOP

# 20

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**THE**

**EW**

**TOP**

**20**

By Andrew Dardine and John Knowles



Once again, *JED* is publishing its ranking of the Top 20 companies in the electronic warfare market. This year's listing is a bit different from the one we published last year. Mergers and acquisitions have changed the industry landscape somewhat. We have also revised our EW revenue estimates for some companies.

#### THE EW MARKET

The global war on terrorism (GWOT) is still the strongest factor driving the EW market. Companies serving the IR countermeasures market, such as BAE Systems, Northrop Grumman, Chemring and Esterline, are seeing continued sales growth. The expendables market alone should pass the \$600 million mark this year. In addition, the IED jammer market remains very strong, which is contributing to the bottom line at companies like ITT, SRCTec, Lockheed Martin and others.

Mergers and acquisitions are also continuing to shape the Top 20 list. Earlier this year, ITT completed its acquisition of EDO Corp., and Cobham plc bought SPARTA Inc. and the Lansdale business unit of BAE Systems. BAE Systems' acquisition of Australian defense firm Tenix is also worth noting because it gives the company (which already operates BAE Systems Australia) a significant lead over its nearest rivals in the Australian EW market. Finmeccanica's pending acquisition of DRS Technologies was not factored into this year's Top 20.

#### CRITERIA

We have reviewed financial data, contract award notices and other resources to help determine each company's EW-related earnings covering the period from July 2007 to June 2008.

*the list begins on p. 32*

## THE EW TOP 20

# The Companies

### 1. BAE Systems

**\$1.65 billion**

BAE Systems once again leads the EW market in revenue. Its US-based Electronics and Integrated Systems business, headquartered in Nashua, NH, features a wide portfolio of EW and SIGINT programs, including the AAR-57 Common Missile Warning System (CMWS), significant portions of the F-22's EW suite and various SIGINT programs. Outside the United States, the company's UK business, INSYS, as well as BAE Systems Australia and Tenix, also factors into the company's sales.

### 2. Northrop Grumman

**\$1.4 billion**

Northrop Grumman's major programs include the Large Aircraft Infrared Countermeasures (LAIRCM) system, the Improved Capabilities III (ICAP III) suite for the EA-18G and the Advanced SIGINT Payload (ASIP), as well as various RF EW self-protection programs.

### 3. ITT

**\$870 million**

ITT has jumped into the No. 3 position on this year's list following its acquisition of EDO Corp. The company has a broad portfolio of RF EW programs, ranging from self-protection suites for rotary- and fixed-wing aircraft, to IED jammers, ESM and ELINT systems and EW test equipment.

### 4. Elettronica

**\$420 million**

Elettronica is another company that features a strong RF EW product line. In addition to being the main EW provider for the Italian MOD, it is also a major supplier for many European customers. It is a member of the consortium that builds the Praetorian EW suite for the Eurofighter. In addition, it manufactures various airborne EW suites and shipboard EW systems.

### 5. Raytheon

**\$400 million**

Raytheon has maintained its position near the top of the list based on sales of its ALR-67(V)3 radar warning receiver, ALQ-187 self-protection suite for international customers and ALE-50 towed decoy. Its Intelligence and Information Systems business is also one of the leading SIGINT system manufacturers in the market.

### 6. Thales

**\$370 million**

Thales has two major domestic customers in the UK and France. In the UK, it supplies much of the British Army's EW and SIGINT systems, as well as the Royal Navy's shipboard and submarine radar-band ESM/ELINT systems. In France, the company provides self-protection and SIGINT systems for the country's aircraft, ships, submarines and ground units. It also supports the French Navy's MINREM SIGINT ship and manufactures the ELINT payloads for French satellite reconnaissance programs. The company is a major EW supplier for many air forces and navies in the Middle East and the Pacific Rim.

### 7. Chemring

**\$290 million**

Chemring moves up one position on the list as a result of the continued high demand for expendable countermeasures in Afghanistan and Iraq. Its three major businesses, Chemring Countermeasures, Alloy Surfaces and Kilgore Flares, collectively own about half of the worldwide flare market, including the entire market for pyrophoric decoys.

### 8. Saab

**\$285 million**

Saab Group owns Sweden's largest EW businesses. Saab Avitronics is the leading EW business within Saab Group. Its revenue derives mainly from military customers in Sweden and South Africa. However, international sales of the Gripen fighter, Erieye AEW aircraft (which carry Saab EW systems) and products such as the BOL dispenser have also contributed significantly to its EW revenue. Saab's other EW businesses include Saab Grintek in South Africa, which manufactures COMINT and communications jamming systems, and Saab Barracuda, which makes a variety of multi-spectral signature management coverings based on its Ultra Light-Weight Camouflage Net Systems (ULCANS) products.

### 9. Syracuse Research Corp.

**\$250 million**

Syracuse Research Corporation was overlooked in last year's Top 20 listing. It has grown rapidly in recent years, in large part due to IED jammer programs. In 2006, it created SRCTec, a manufacturing business that produces IED jammers.

## 10. Argon ST **\$240 million**

Argon ST is among the leading tactical COMINT suppliers in the market. It has captured major programs, such as the US Navy's Ship's Signal Exploitation Equipment (SSEE) Increments E and F. It also does a lot of business as a subsystem supplier for the EP-3E, RC-12 Guardrail and RC-135V/W Rivet Joint programs. It sells naval ESM systems to a range of customers in the United States and abroad.

## 11. Elbit **\$235 million**

Elbit owns a stable of EW companies that collectively serves a wide range of EW markets, including RF self-protection systems, passive missile warning systems, directed IR countermeasures and SIGINT. Its Elisra subsidiary accounts for the vast majority of the company's EW revenue. In addition to supplying Israeli customers, Elisra has established itself on the international market, with customers in Singapore and India, as well as several South American countries.

## 12. Finmeccanica **\$230 million**

Finmeccanica is the Italian parent company of Selex Galileo, the UK's leading airborne EW manufacturer. Selex is a key partner in the European consortium that makes the Eurofighter's Praetorian EW system. It also manufactures the HIDAS system for rotary-wing platforms. In the DIRCM market, it manufactures portions of the AAQ-24 Nemesis transmitter. Finmeccanica is in the process of acquiring DRS Technologies.

## 13. IAI ELTA **\$210 million**

Israeli Aerospace Industries' ELTA subsidiary is Israel's other state-owned EW company. It offers a focused range of RF EW products for self-protection applications, such as the EL/M-2160 active missile warner, EL/L-8265 radar warning and locator system and EL/L-8212/22 family of jamming pods. It also supplies a variety of ELINT, COMINT and communications jamming systems to domestic and international customers.

## 14. Rafael **\$200 million**

Rafael is another of the three Israeli companies on the EW Top 20 List. This state-owned company provides an array of RF self-protection systems, ranging from the SHARK shipboard EW system and the STRATUS aerostat COMINT system, to the X-GUARD fiber-optic towed decoy and the Jam-Air lamp-based DIRCM system. It also operates an EW range and offers test and evaluation services, as well as supplying EW components for many Israeli EW companies.

## 15. Lockheed Martin **\$190 million**

Lockheed Martin manufactures a variety of ESM and SIGINT systems. The ALQ-210 and ALQ-217 ESM systems have been in steady production for the US Navy, as well as some international customers. It is producing the Soothsayer COMINT/EA system for the British Army. The company also supports SIGINT programs for satellites.

# THE EW TOP 20 2008

1.	BAE Systems	\$1.65 billion
2.	Northrop Grumman	\$1.4 billion
3.	ITT	\$870 million
4.	Elettronica	\$420 million
5.	Raytheon	\$400 million
6.	Thales	\$370 million
7.	Chemring	\$290 million
8.	Saab	\$285 million
9.	Syracuse Research Corp.	\$250 million
10.	Argon ST	\$240 million
11.	Elbit	\$235 million
12.	Finmeccanica	\$230 million
13.	IAI Elta	\$210 million
14.	Rafael	\$200 million
15.	Lockheed Martin	\$190 million
16.	Alliant Techsystems	\$180 million
17.	L-3 Corp.	\$170 million
18.	EADS	\$165 million
19.	Bharat Electronics	\$160 million
20.	Esterline	\$110 million



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### **16. Alliant Techsystems** **\$180 million**

Alliant Techsystems owns a number of businesses that serve different sectors of the EW market. Its products and programs include the Advanced Anti-Radiation Guided Missile (AARGM), which is completing development for the US Navy, as well as IR decoys. Revenue from upgrades to the AAR-47 missile warning systems has been particularly strong over the past few years. We revised our estimate of the company's EW revenue up from last year, largely based on more precise information about its flare sales. It owns slightly less than 15 percent of an estimated \$600 million market for countermeasures flares.

### **17. L-3 Corp.** **\$170 million**

L-3 Corp. owns a portfolio of companies that collectively positions it as a major player in the EW market. From its role on the US Army's Prophet program to the work it performs on the US Air Force's Compass Call and Rivet Joint programs, the company is an established leader in the systems integration market. Other subsidiaries also manufacture IR MANPADS simulators for training aircrews in EW and IRCM suite integrators for commercial/VIP aircraft. It also operates a fleet of EW aggressor aircraft and EW test support aircraft.

### **18. EADS** **\$165 million**

EADS continues to grow its sales of the AAR-60 missile warning system, especially on the international market. Its recent manufacturing agreement in India is very significant for the company's future EW revenue. On the SIGINT side of the company, it is supplying the SIGINT payload for the EuroHawk UAV. Despite weak sales in the RF EW business line, the company is still the top EW systems integrator in Germany.

### **19. Bharat Electronics** **\$160 million**

Bharat Electronics is India's leading EW manufacturer. It works closely with the Indian government's research and development organizations and manufactures many of the EW systems for India's air force, navy and army. We revised Bharat's EW sales estimate up from last year's position, largely based on more accurate information about the company.

### **20. Esterline** **\$110 million**

Esterline, like its main competitor, Chemring, has grown its flare sales due to high sustained demand for the GWOT. It operates subsidiaries in the United States and in the UK, with a focus on dual-spectral and MTV flares for the airborne market. The company's Wallop subsidiary also holds a large share of the shipboard chaff and flare market. 