

JUDY HINZ | PUBLISHER



Minister for Defence Industry Christopher Pyne (centre), meets exhibitors during Land Forces 2016 at the Adelaide Convention Centre on 7 September 2016.

# ADM's Top 40 Defence Contractors

The results of this year's Top 40 survey reveal a strong upward trend in Defence business. For the first time in the survey's twenty-one year history, the total turnover has exceeded \$10 billion. *ADM* Publisher Judy Hinz analyses the numbers.

**THE** total revenue of Australia's Top 40 Defence contractors reached an impressive \$10.384 billion in 2016, up 11 per cent on the 2015 total of \$9.241 billion.

Congratulations go to **BAE Systems Australia**, topping the survey once again with a turnover of \$1.2 billion.

Following close on their heels is **Raytheon Australia** with its turnover of \$964 million, a company record.

**Thales Australia** retains third position with a turnover of \$924 million, up \$85 million on the previous year.

Among the standouts in the survey is **Boeing Australia**, now at no.4 in the Top 40, reporting \$850 million in turnover (up 88 per cent).

Ken Shaw, Boeing Defence Australia's

managing director, told *ADM* that the company's recent strong growth can be attributed to focused efforts in three key areas: innovating throughout the program lifecycle; consistent delivery in a more-for-less defence environment; and partnering beyond the contract.

"That commitment has been most obvious with the on-schedule, on-budget deliveries to the Australian Defence Force of platforms including C-17s, Super Hornets, CH-47Fs and most recently the country's first P-8, and has continued throughout the design and execution phases of our Australian development and sustainment services contracts," he said.

The leader of the infrastructure and base support contractors this year is

**Broadspectrum Ltd**, at no.7, with improved turnover of \$506 million in Defence business, up \$106 million.

**Lockheed Martin**, at no.8, was keen to demonstrate, in their response to the Top 40 survey, the company's success in bringing local suppliers into the F-35 program.

Currently, there are seventeen Australian suppliers under contract on the F-35 program with approximately US\$443 million already contracted (a 10 per cent increase within the last six months) and additional opportunities for work over the next 30 years.

Via Lockheed Martin's Global Supply Chain Program commitment to the Department of Defence, sixteen Australian companies and universities are exporting their products and services into Lockheed Martin programs, with total contracts awarded valued at over US\$26 million. The program has recently been extended to 2017, providing further opportunities for Australian industry to participate in the global supply chain of Lockheed Martin.

In 2017, Lockheed Martin is establishing a world-class multi-disciplinary research facility in Melbourne. The Science Technology, Engineering Leadership and Research Laboratory – STELaRLab – will constitute Lockheed Martin's national Research & Development Operations Centre for the company's current research portfolio in Australia, and undertake R&D programs.

This demonstrates that the story behind the involvement of overseas primes in the local defence industry is often more complex than their local revenue figure reveals.

BAE Systems Australia for example operates in twenty-five locations across Australia and supports one of Australia's largest Defence supply chains, purchasing \$360 million worth of goods and services from around 1,600 Australian suppliers annually.

Three companies from the infrastructure and base support sector are included in the Top 10: Broadspectrum Limited, Lendlease and Spotless Group, which once again demonstrates the importance of this aspect of Defence business.

## Top 20 Defence SMEs

In 2016, the total turnover of the Top 20 Defence SMEs topped \$800 million for the

## TOP 40 DEFENCE CONTRACTORS

Rank	Company	2016 Turnover(\$m)	2015 Turnover(\$m)	Rank
1	BAE Systems Australia	1,200.0	1,200.0	1
2	Raytheon Australia Pty Ltd	964.0	822.0	4
3	Thales Australia	924.0	839.0	3
4	Boeing Defence Australia (BDA)	850.0	452.6	7
5	ASC Pty Ltd	797.0	1,024.0	2
6	Airbus Group Australia Pacific	635.1	620.0	5
7	Broadspectrum Limited (BRS)	506.0	400.0	9
8	Lockheed Martin Australia Pty Limited	475.0	466.4	6
9	Lendlease Building Pty Ltd	450.0	450.0	8
10	Spotless Group Limited	340.0	290.0	10
11	Babcock Australasia	275.0	208.0	13
12	Serco Australia Pty Ltd	273.0	234.0	11
13	Leidos Australia	256.7	-	-
14	Northrop Grumman Australia Pty Ltd	214.4	196.0	14
15	Aspen Medical	191.7	181.7	15
16	Austal	187.0	211.8	12
17	IBM Australia Limited	134.0	125.7	17
18	Saab Australia	131.0	164.0	16
19	Safran Pacific	130.0	115.5	18
20	CEA Technologies Pty Ltd	123.0	76.7	23
21	UGL Defence	110.0	-	-
22	Australian Defence Apparel Pty Ltd (ADA)	101.0	44.8	31
23	ESS Support Services Worldwide	95.0	90.0	20
24	Cubic Defence New Zealand Ltd	89.7	75.3	24
25	Accenture	80.0	110.0	19
26	Nova Systems	72.7	67.3	25
27	CSC Australia	72.0	88.0	21
28	CAE Australia Pty Ltd	70.0	60.0	26
29	Sikorsky Helitech	69.0	82.0	22
30	Aurecon Australia Pty Ltd	61.0	42.5	33
31	AECOM Australia Pty Ltd	56.8	43.9	32
32	QinetiQ Pty Ltd (QinetiQ Australia)	55.0	52.0	28
33	Quickstep Technologies Pty Ltd	49.2	33.8	39
34	Supacat	48.9	-	-
35	Marand	47.5	30.3	44
36	Chemring Australia	47.0	55.0	27
37	G H Varley Pty Ltd - Defence & Aerospace	42.8	30.6	43
38	St Hilliers Property Pty Limited	42.5	-	-
39	DHL Global Forwarding	39.0	38.0	36
39	KBR (Kellogg Brown & Root Pty Ltd)	39.0	39.0	34
39	TAE Pty Ltd	39.0	31.5	41
42	Hawker Pacific Pty Ltd	36.8	33.8	38
43	GHD Pty Ltd	36.6	38.0	36
44	L-3 Communications	35.0	26.5	-
45	Rockwell Collins Australia	33.9	33.2	40



### ADM's Top 40 looks to 2017



I would like to thank all the companies who submitted entries for the Top 40 Defence Contractors and/or the Top 20 Defence SMEs surveys this year. It is,

I understand, an act of faith, particularly for private companies, to declare turnover, employee numbers, current contracts and areas of interest in defence business.

I believe this is valuable data for the industry as a whole. Importantly it demonstrates the value of the Defence industry to the Australian economy and it demonstrates the range of sophisticated capabilities that have been developed locally in the past twenty years.

Following feedback regarding the focus on revenue as the sole determinant of our Top 40 ranking system from Thales Australia CEO Chris Jenkins and CASG, we will, however, be changing the methodology next year to include a broader range of factors.

The recent changes in the Commonwealth's defence industry policy, and the ambitions laid out in the 2016 Defence Industry Policy Statement, are pivotal indicators of what's important to Defence for industry as a Fundamental Input to Capability.

While many details are still to be worked out, next year will see other factors taken into account besides revenues, including:

- Australian Industry Content
- Investment in local R&D
- Investment and relationships with the local SME supply chain
- Contribution to local industry's global competitiveness and exports

ADM will be consulting with Defence and industry stakeholders over the coming months to further refine this approach, so your input is most welcome.

As part of the redevelopment of our digital assets, ADM Premium subscribers will be able to access the Top 40/Top 20 SME data when our new website is launched in 2017. Top 40/Top 20 participants can also request a PDF of this section from the magazine by emailing me directly.

**Judy Hinz**  
Publisher

first time, a substantial increase of the Top 20 total of \$642.68 million in 2015.

Congratulations to **Cubic Defence New Zealand Ltd** with \$89.7 million turnover for again topping the Defence SME charts.

Seven of the twenty companies in the Top 20 are Australian owned.

It is worth noting there are five companies ranked in this year Top 20 list that did not appear in last year's Top 20:

- Supacat
- St Hilliers Property Pty Ltd
- Waterway Constructions
- Norship Marine
- Nioa

It now takes substantially more turnover to make the cutoff for the Top 20 Defence SMEs – last year the turnover of the no.20 company was \$15 million; this year, it is Nioa with \$25.7 million, a substantial increase.

#### Top 20 ANZ Defence SMEs

The Top 20 ANZ Defence SMEs result tells a similar story to the other surveys.

To rank in the Top 20 ANZ SMEs survey, respondents needed to report a higher turnover figure. Congratulations to **Quickstep Holdings Ltd** who once again top the ANZ Defence SMEs charts with \$49.2 million in turnover (compared with \$33.8 million in 2015).

There are some first time entrants in this list:

- St Hilliers Property Pty Limited
- Norship Marine
- Air Affairs Australia Pty Ltd

#### Employment growth

In surveying the information received from Australia's Defence suppliers, there is a clear trend of growth in employment numbers. More than fifteen companies have reported an increase in employment numbers, adding more than 1,300 jobs to the Australian economy.

#### Raw numbers

The total turnover of the Top 40 has topped the \$10 billion mark (\$10.384

TOP 20 DEFENCE SMES				
Rank	Company	2016 Turnover(\$m)	2015 Turnover(\$m)	Rank
1	Cubic Defence New Zealand Ltd	89.7	75.3	1
2	CAE Australia Pty Ltd	70.0	60.0	2
3	Quickstep Technologies Pty Ltd	49.2	33.8	4
4	Supacat	48.9	-	-
5	Marand	47.5	30.3	9
6	Chemring Australia	47.0	55.0	3
7	G H Varley Pty Ltd – Defence & Aerospace	42.8	30.6	8
8	St Hilliers Property Pty Limited	42.5	-	-
9	TAE Pty Ltd	39.0	31.5	6
10	L-3 Communications	35.0	26.5	13
11	Rockwell Collins Australia	33.9	33.2	5
12	RUAG Australia	30.4	28.5	12
13	Ultra Electronics	30.3	26.5	13
14	Rohde & Schwarz (Australia) Pty Ltd	30.0	29.0	11
15	Cubic Defence Australia Pty Ltd	29.2	22.4	16
16	Volvo Group Governmental Sales Oceania (VGGSO)	29.1	30.0	10
17	Selex ES Australia Pty Ltd	28.6	31.4	7
18	Waterway Constructions Pty Ltd	27.5	-	-
19	Norship Marine	26.7	-	-
20	NIOA	25.7	-	-
21	Micreo Limited	24.3	21.2	17
22	Daronmont Technologies Pty Ltd	20.0	18.5	19
23	H.I. Fraser Pty Ltd	19.0	19.0	18
24	Air Affairs Australia Pty Ltd	17.7	-	-
25	Calytrix Technologies Pty Ltd	15.0	15.0	20



Plugging into the nose wheel undercarriage of an F/A-18 Hornet to check systems. RUAG Australia provides Defence support for Hornet undercarriage systems.

DEFENCE

**SME 12** **RUAG Australia**

**Turnover** \$30.4 million  
**Employees** 140  
**Ownership** RUAG Switzerland Ltd., RUAG Aviation  
**Address** 836 Mountain Highway, Bayswater Vic 3153  
**Tel** 03 9721 1300  
**Website** www.ruag.com.au  
**Contacts** Mr John Teager AM – Managing Director  
 Mr Paul Donald – Senior Business Development Manager  
 Mr Simon Hack – Director Sales Programs

**CURRENT DEFENCE CONTRACTS**

Contract No DMO/ASD/00328/15 – Provision of Services to Defence to Support F/A-18 Hydraulics and Undercarriage Systems, Pneumatics and Fuel Systems.  
 AMSPO Deed – Deed for the maintenance of Air Conditioning, Cabin

Pressure and Temperature Control Equipment for the P-3 Orion and F/A-18 Hornet as well as support of the P-3 Orion Engine Driven Compressors and associated lower assembly components.

TLS F404 Controls and Accessories Repairs and Services Agreements – covering various fuel and hydraulic components.

Manufacture of F-35 Joint Strike Fighter Actuation Systems; Engineering design and R&D; Prototyping; Material Processing, NDT, Painting for Defence Aerospace industry; Parker Aerospace and Eaton Aerospace Distributor; Approved Engineering (AEO) and Maintenance Organisation (AMO) for F/A-18, C-130, P-3C, Black Hawk, Seahawk, Tiger ARH, MRH-90, PC-9, Chinook, and Support Equipment.

**AREAS OF INTEREST**

RUAG Australia Headquarters and main production and service facilities are located in Victoria (Bayswater and

Airport West), with further facilities located in South Australia (Wingfield), Queensland (Amberley) and New South Wales (Williamstown). RUAG Australia is a Business Unit of RUAG Aviation with a parent entity RUAG Holding. RUAG Australia is an aircraft engineering company and has the following principle lines of business:

- Aircraft component maintenance, repair and overhaul;
- Aircraft components precision manufacturing;
- Aerospace grade metal finishing (including electro-plating, non-destructive testing and painting), Additive Manufacturing including Supersonic Particle Deposition (SPD) and Laser Cladding Additive Manufacturing

Principal customers are military and commercial aerospace markets, and we specialize in undercarriage, flight control, hydraulic and mechanical component and environmental control systems for fixed-wing and rotary aircraft.