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## PRESS INFORMATION

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### GRIPEN TEAM SUPPORTS MAJOR INVESTMENT IN SKODA PLZEN ENGINEERING DIVISION

**The SAAB-BAE SYSTEMS Gripen team, which is working to develop industrial partnerships in the Czech Republic to support the Gripen new-generation multi-role fighter, has provided important support for the acquisition of the Skoda Electrical Machinery Division of Skoda Energo by FKI Rotating Machines Division, part of FKI plc, the UK engineering group.**

Steve Jackman, vice president economic strategy at BAE SYSTEMS said: "Our partnership with FKI to support this investment in the Czech Republic will generate millions of dollars in export revenues and secure hundreds of engineering jobs in Plzen. This is another first class example of our ongoing pre-contract offset programme for the Czech Republic. It was as a direct result of our "Partnerships for Prosperity" tour of nine Czech cities, including Plzen, last summer that we were able to assist FKI."

The NATO-interoperable Gripen is the world's first fourth-generation swing-role fighter in operational service and is being promoted, by Saab Aerospace in partnership with BAE SYSTEMS, to meet 21st century defence needs of the Czech Republic.

The Gripen team has partnered FKI through consultancy services and relationship building in the Czech Republic. "The Gripen team's steering and guidance has helped our acquisition of Skoda Electrical Machinery Division," said Reg Gott, Managing Director of FKI Rotating Machines Division, "and we are very happy to support the Gripen team through offset."

FKI plc is a significant and long-established supplier to BAE SYSTEMS, providing propulsion and power generation equipment to its submarine and naval divisions. FKI has traditionally supplied propulsion equipment to NATO-country navies, including the United Kingdom Royal Navy, the US Navy and the Royal Netherlands Navy. FKI's acquisition of Skoda Electrical Machinery Division could lead to an "exchange of defence cooperation," said Mr Gott.

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Steve Jackman, BAE SYSTEMS vice president economic strategy, said: "FKI now has a significant footprint in the Czech Republic. As one of our established suppliers, this could lead to collaborative defence projects between the UK and the Czech Republic in a number of programmes, including naval projects."

FKI's acquisition of Skoda Electrical Machinery Division, which makes large generators for gas, steam, hydro-electric and nuclear-based power turbines, has secured the future of the 850 employees of the Plzen-based company.

"Skoda Electrical Machinery Division has super facilities, good people with excellent skills and a very good design capability," said Mr Gott. "In a 'try-before-buy' exercise, the company produced excellent quality 45 megawatt and 50 megawatt generators for us in orders worth some \$30 million. By the end of this year, Skoda Electrical Machinery Division will be putting out product with 80 per cent own content, and we have a solid order book going forward with multiple year supply agreements."

"Our partnership with FKI is yet another example of the broad programme of economic compensation which supports the Gripen fourth-generation swing-role fighter," Steve Jackman concludes.

"The fact that one of BAE SYSTEMS' key suppliers has made such an investment underlines the depth and breadth of the global industrial and commercial relationships that Gripen team can introduce to the Czech Republic."

#### Notes to editors:

Saab-BAE SYSTEMS Gripen, a joint venture company in which Saab of Sweden and the United Kingdom's BAE SYSTEMS have equal shares is responsible for the manufacture, marketing and support of the Gripen fourth-generation multi-role/swing-role fighter internationally. It combines the product strength of Gripen with BAE SYSTEMS's extensive experience of supplying NATO and other markets.

The joint venture brings together Europe's most powerful industrial team which, together with key partners in the United States, has created a truly European/transatlantic fighter that will remain at the forefront of combat aircraft technology for decades to come.

The team is committed to establishing long-term industrial partnerships with all Gripen customers. These relationships, which have the ability to generate jobs and long-term growth through inward investment, export promotion and technology transfer among others, cover a wide spectrum of industry and are not limited to the defence and aerospace business sectors.



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FKI plc is major UK engineering group that employs more than 15,000 people around the world and has annual revenues in excess of \$2.3 billion. FKI Rotating Machines Division owns and operates seven major manufacturing facilities in England, Italy, the Netherlands and the Czech Republic, producing a total range of Rotating Machines, from one kilowatt motors to over 200 megawatt turbo generators. FKI plc is quoted on the London Stock Exchange.

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