

## RUAG Ammotec

RUAG Ammotec has consistently aligned itself with the needs of the market and made targeted investments in equipment and innovations over recent years, both moves that have paid off. On the whole, the division delivered much stronger growth than the market in 2019, even achieving an increase in the Hunting & Sports segment – an area that has been experiencing difficulties all over the world. The Armed Forces & Law Enforcement business unit remains the main driver of growth.

### Business performance

RUAG Ammotec is looking back on another successful financial year. Sales rose by 7 % in total to CHF 450 million, a result that is far above that of the small-calibre ammunition market as a whole, which only grew by approximately 2 %. The operating result declined from 20 million to CHF 12 million. The EBIT figure's fall did not occur for operational reasons, but was instead the result of non-funded pension obligations in Germany and Sweden undergoing a valuation-related adjustment due to the significant drop in interest rates. This figure amounted to CHF 11 million.

The Armed Forces & Law Enforcement business unit continued to be a growth driver in 2019. It benefited not only from gradual growth in the defence budgets of NATO states, but also from the growing demand for RUAG Ammotec to supply high-quality specialist munitions. RUAG Ammotec has staked an excellent position for itself as a leading innovator in this area, offering a comprehensive portfolio of specialist and precision munitions. The overall growth in demand for lead-free primer elements in munitions delivered another positive outcome. For years now, RUAG Ammotec has been one of the market leaders in primer technologies that are free from heavy metals.

In 2019, the Hunting & Sports business unit had an exceptionally difficult market environment to contend with. Persistent excess capacity in the USA is exposing prices to ongoing pressure despite a slight increase in demand. On the whole, however, steady growth in the merchandise and accessories business through the company's own European distributors fortunately resulted in sales increasing slightly.

The various activities undertaken by the Industrial business unit developed at different rates. The area of the business that deals with pyrotechnic components for medium and large-calibre ammunition benefited from an increase in demand from NATO states. There was also growth in sales of components for the construction sector. To accommodate this, new equipment investments that had been made in previous years made it possible to expand capacity. By contrast, automotive industry products such as priming compositions and mixtures for airbags and belt tensioners felt the effects of the industry weakening across the globe. Munition components have experienced the same issue, and many customers in the area of OEM munitions and associated components have also been affected by a decline in the hunting and sports munitions market.

## Outlook

In the years to come, RUAG Ammotec is expecting above-average growth to continue on the whole, accompanied by a further increase in profitability. Production activities have consistently been modernised over the last two years, with investments made in new equipment and upgrading existing facilities, and this will facilitate continuous growth in sales and productivity. This successful transformation strategy will continue to be pursued emphatically in 2020, with plans including new facilities for Armed Forces & Law Enforcement munitions production in Sweden and Hungary, and a capacity increase in Fürth (Germany).

The various markets in which RUAG Ammotec is active are not expected to undergo any fundamental changes over the coming years. Where the Armed Forces & Law Enforcement business unit is concerned, increases in the defence budgets of NATO states will ensure further growth. Meanwhile, the Hunting & Sports business unit will continue to feel the effects of excess capacity in its biggest individual market, the USA, over the next few years. Despite this, RUAG will aim to deliver slight growth by continuing to expand its trade activities and engaging in targeted expansion of individual, regional European markets where it still sees potential. In the Industrial business unit, 2020's growth drivers are likely to come in the form of components for the construction industry and for medium and large-calibre ammunition – while the component business for other small-calibre ammunition manufacturers and the automotive sector will probably face yet more challenges from an extremely difficult market environment. Another contributor to profitability in the future will be the project that is gradually replacing the various goods management systems at all of Ammotec's sites with a uniform ERP system based on the SAP S/4HANA platform. This project began in 2019 and completion is envisaged for 2022.

However, the longer the corona crisis lasts, negative effects on the business results for 2020 must be expected.

## Brief profile

RUAG Ammotec, with its Hunting & Sports, Armed Forces & Law Enforcement and Industrial business units, is the European market leader in small-calibre ammunition, pyrotechnic elements and components. Its precision ammunition for special forces is in high demand worldwide. The division is also the leader in heavy-metal-free primer technologies as used in actuator cartridges in the construction industry and automotive safety system applications. The product range also includes large-calibre training systems, hand grenades and environmentally safe disposal of pyrotechnic products.

## Customers and partners

Swiss Armed Forces, German Bundeswehr, international armed forces in the NATO environment, law enforcement and security organisations, hunters and sporting marksmen across the world, industrial partners

## Facts and figures

Net sales:	CHF 450 million
EBITDA:	CHF 30 million
EBIT:	CHF 12 million
Employees (FTE):	2,324
Based in:	Switzerland, Germany, Sweden, Finland, Hungary, USA, Austria, UK, France, Belgium, Italy