

RUAG Ammotec

RUAG Ammotec is proving to be extremely robust, even in the COVID-19 crisis. Sales and earnings reached new record levels in 2020. The main drivers were the high-growth US business and ongoing strong demand in Europe.

Business performance

RUAG Ammotec had another successful year of growth in 2020. Sales increased by 8 % to CHF 487 million (CHF 450 million). Adjusted for currency effects, the increase was as high as 10 %. The operating result reached CHF 24 million (CHF 12 million) – a significant increase compared with the previous year. At CHF 6 million, valuation adjustments of unfunded pension obligations in Germany and Sweden had a significantly less negative impact than in the previous year (CHF 11 million) due to the lower interest rate level in 2020. The main growth drivers in 2020 were the US market and Europe, especially Germany.

The robustness of RUAG Ammotec's business model was demonstrated in 2020, among other things, by the fact that although the COVID-19 pandemic impacted all business units, it did not significantly weaken bottom-line growth. The Armed Forces & Law Enforcement business unit was also one of the company's growth drivers in 2020. Sales increased, particularly in the NATO markets. Business in the Armed Forces & Law Enforcement business unit was in line with expectations, increasingly impacted by the COVID-19 pandemic.

In the Hunting & Sport business unit, the individual segments performed differently. The business unit had to contend increasingly with the consequences of the pandemic, particularly in Europe. Most facilities for hunting and shooting sports were closed, both in the spring and at the end of the year, and the hunting sector suffered a significant slump everywhere, including in Europe. Restrictions on trade during the lockdown periods had an additional negative impact. Despite this, RUAG Ammotec managed to achieve a stable result in the European hunting segment and confirms its leading market position.

By contrast, the hunting segment in the USA recorded strong growth. It benefited from the general boom triggered, among other things, by various domestic political uncertainties. The online trade, which is legally permitted

in the USA, also made a significant contribution to the increase in sales. This exceptionally profitable sales channel was further expanded in the reporting year. The fact that the company has now established a significant position for itself in the US market was demonstrated by the Golden Bullseye Award, which is extremely important in the Hunting & Sport sector, presented by the American NRA (National Rifle Association), and which RUAG Ammotec received for the first time in the "Ammunition of the Year" category in 2020. The business unit received another important award – the "German Design Award 2020" – for the relaunch of the premium RWS brand in the DACH region.

On balance, the Hunting & Sport business unit not only increased sales, but also significantly improved its EBIT margin. In addition to price increases in the US market, targeted optimisation measures in production also contributed to this.

In the Industrial business unit, pyrotechnic components for medium- and large-calibre ammunition once again drove sales. These benefited from ongoing growth in demand from NATO countries. By contrast, sales of propellant cartridges for the construction industry declined due to the COVID-related slump in the commercial real estate market. Sales of ignition technologies for the automotive industry, which also suffered a global drop in demand due to the pandemic, also declined.

The reporting year showed once again that RUAG Ammotec is able to grow solidly and profitably, even in a rapidly changing environment. This is ensured, among other things, by continuous investments in the renewal and expansion of production capacities. At the same time, the quality of results is continuously improved through optimisation measures in production and sales. These measures include, for example, the ongoing project to standardise the merchandise management systems at the various company locations on a central SAP S/4HANA platform. The project is proceeding according to plan and is scheduled for completion in 2022.

Outlook

For 2021 and the following years, RUAG Ammotec expects low, but robust growth. The successful strategic alignment, which is focused on strengthening its position as European market leader and building a broader market position in the USA, is being vigorously pursued.



“Even in a challenging environment, RUAG Ammotec once again succeeded in growing solidly and profitably.”

Christoph Eisenhardt
CEO RUAG Ammotec

The market environment is positive in virtually all business units. The Armed Forces & Law Enforcement business can expect stable defence spending in NATO countries. Hunting & Sport is expected to develop in line with previous years in Europe. In the USA, however, the current boom is expected to subside in the second half of the year. In the Industrial sector, customer markets in the automotive and construction industries are expected to recover.

The divestment of RUAG Ammotec, initiated at the end of the year as part of the planned privatisation of RUAG International, will continue in 2021.

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. RUAG Ammotec 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.

Based in

Switzerland, Germany, Sweden, Finland, Hungary, USA, Austria, UK, France, Belgium, Italy



Facts and figures

CHF 487 million

Net sales

CHF 44 million

EBITDA

CHF 24 million

EBIT

2,483

Employees (FTE)

Customers and partners

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