

RUAG Space

RUAG Space can look back on a challenging financial year. The COVID-19 pandemic led to delays in major space programmes and earnings that fell short of expectations. The segment strategy was adjusted to make better use of future market opportunities.

Business performance

For RUAG Space, the reporting year meant staying the course and focusing the strategy on new programmes in Europe and the USA. The COVID-19 pandemic impacted ongoing development and production orders as well as decisions on new projects, particularly in the commercial sector. The resulting delays led to additional costs and significant postponements of budgeted order intake and payments for the reporting year. Accordingly, sales decreased from CHF 339 million to CHF 227 million. EBIT was also negative at CHF –21 million (CHF 24 million). The company reacted resolutely to this development and decided to make the necessary adjustments. This meant also adjusting RUAG Space's strategy in the reporting year in order to better exploit future market opportunities in major programmes. To this end, the business segment decided on a reorganisation programme in December. In the negative EBIT of 2020 provisions to strengthen RUAG Space's future are included.

Overall, the long-term development of the space business in a dynamic market environment gives cause for confidence. Space infrastructure is as important to the economy today as railways or electricity were 150 years ago. Governments in Europe, the USA and Asia are investing billions in new infrastructure. Private companies are doing the same.

RUAG Space was able to further strengthen its product portfolio in the area of subsystems for launchers and satellites. Additional impetus was given to RUAG Space's business in the USA, particularly in the area of electronics. With the Denver-based electronics team established in 2019, important new orders were secured in the US market in the reporting year. The certification of the Decatur site in Alabama for a new type of launch vehicle was a milestone in the USA. At the Titusville site in Florida, industrial production of satellite panels resumed after a temporary suspension following the successful change of ownership of the main customer OneWeb.

One of the pioneering new developments in the reporting year was the Lynx Single Board Computer developed as part of an ESA project. It is around 250 times more powerful than previous computer systems and enables satellites to process large volumes of data directly on board, for example for machine learning or artificial intelligence algorithms.

However, RUAG Space's technological expertise is also used on land: at the Coswig site near Dresden, Germany, precision mechanisms are developed and manufactured to control mirrors that are used to make semiconductors for the chip industry.

Delays in various major space programmes on both sides of the Atlantic as a result of the COVID-19 pandemic proved to be an aggravating factor in the reporting year. In many cases, however, the relevant orders have only been postponed and will have a positive impact on the future course of business. The expansion of US production sites was also impacted by the restrictions imposed by the COVID-19 pandemic. Travel restrictions made it difficult for staff to move between sites. In addition, supply chains were significantly disrupted at times due to the impact of the pandemic.

With the new market strategy defined in 2020 with three focus areas – Europe, expanding the subsystem portfolio and concentration on government markets – RUAG Space can better exploit market opportunities: in Europe, RUAG Space will consolidate its position as a major player in the industry. With the expansion of the subsystem offering to include system units, customers' supply chains will be simplified. And in order to participate in public contracts, which are subject to secrecy, the process of creating the corresponding legal requirements was initiated in the USA and within the EU.

There was a personnel change at the end of May at the head of RUAG Space. After eleven years, Dr Peter Guggenbach left the company. Luis de León Chardel, previously Senior Vice President Operations, took over as interim head of the business segment.



“With the new market strategy, RUAG Space can better exploit market opportunities.”

Luis de León Chardel
EVP RUAG Space a.i.

Outlook

2021 will be a key year for RUAG Space. Significant contracts will be awarded under various US and European government programmes, such as satellite constellation upgrades and major Earth observation projects, as well as programmes to explore the Moon and Mars. Europe will step up its space activities, both with the European Space Agency (ESA) (with a record budget of EUR 6.5 billion) and with the European Commission with the recently adopted framework budget of EUR 14 billion for the next seven years. Plans include a renewal and expansion of climate observation through the Copernicus satellites and the Galileo satellite navigation system, as well as new programmes in the areas of communications and the Internet. Thanks to the new market strategy and reorganisation programme, RUAG Space is well positioned to improve market access and expand its market position.

Brief profile

RUAG Space is the leading supplier of products for the space industry in Europe and has a growing presence in the United States as well. With 12 sites in six countries, the business segment specialises in components for use aboard satellites and launch vehicles. Its competencies fall into three areas: electronics for all space applications, mechanical and thermal systems for satellites, and structures and separation systems for launch vehicles.

Based in

Switzerland, Sweden, Austria, USA, Germany, Finland



Facts and figures

CHF 277 million

Net sales

CHF (9) million

EBITDA

CHF (21) million

EBIT

1,337

Employees (FTE)

Customers and partners

ESA, NASA, ArianeGroup, Airbus Defence and Space, Airbus OneWeb Satellites, Thales Alenia Space, OHB, United Launch Alliance, MAXAR, Boeing, Lockheed Martin, Mitsubishi Heavy Industries, Northrop Grumman