

RUAG Aerostructures

Both sales and profitability saw gains in 2016. The project to assume complete supply chain responsibility for two Airbus fuselage sections was successful. Focused investments will secure sustained growth.

Business performance

RUAG Aerostructures' objective is to strengthen its position as global tier 1 supplier for the aviation industry and to maintain profitable growth. In 2016 the division not only further improved profitability but also generated significant growth. EBIT rose from CHF 9 million to CHF 12 million while sales grew a healthy 20%, from CHF 196 million to CHF 236 million.

A deciding element in these positive results was the success of the transfer-of-work project, by which RUAG Aerostructures is assuming complete supply chain responsibility for the 1,000-plus parts for two Airbus fuselage sections. The project is scheduled for completion by mid-2017.

According to the manufacturer's forecasts, the environment in the commercial aviation market is set to remain positive in the years ahead as well. Airbus has increased its 20-year forecast for new passenger aircraft with over 100 seats by 1200 to 33,000. Its competitor Boeing anticipates demand for 38,050 aircraft in the next 20 years.

In July RUAG Aerostructures and Airbus affirmed their relationship by signing a contract for long-term cooperation at the aviation trade fair in Farnborough. The contract covers production of assemblies for the A320 family and the Airbus A330 and includes deliveries over a period of at least five years. RUAG Aerostructures will supply the entire rear fuselage section as well as the floor, rear pressure bulkhead and fuselage side panels for the rear midsection of the Airbus A320 family. In addition, the contract includes an agreement on the Airbus SCOPE+ single-aisle cost reduction programme, helping secure the partnership for the long term. In April 2016, Airbus recognized the division's extraordinary performance in "Quality Improvement" and "On-time Delivery" with the SQIP – Best Improver Award.

In November 2016, RUAG Aerostructures was chosen by US military contractor Boeing Defense to continue series production of the rear wing flaps of the F/A-18 E/F multirole jet fighter. The contract strengthens the industrial partnership of many years with Boeing Defense.

GE Aviation's extension until 2024 of the contract for series production of the CF34-10 fan case, built in Emmen, underscores RUAG Aerostructures' qualities as a dependable supplier.

From Pilatus, RUAG Aerostructures received a follow-up order to manufacture the wings and fuselage structures for the PC-21 trainer. These aircraft are for Australia's pilot training programme, which Pilatus was awarded in late 2015. This will keep the plant in Emmen operating at full capacity in this area until mid-2018.

As established partner to civil and military customers and OEMs, RUAG Aerostructures offers solutions developed and manufactured in accordance with the needs of the market and the customer's specifications. Collaborative relationships with OEM research and development departments lay the cornerstone for participation in future aircraft programmes.

The key to success here is lean processes and developing new product and production technologies. In 2016 the division adopted a technology roadmap encompassing numerous productivity enhancement projects. The current priorities in research and development include new, automated assembly processes along with implementation of hybrid structures for new aircraft programmes by combining different materials such as carbon and metal or using combinations of metals. Overcoming the challenges this raises for precise drilling and riveting is a key issue.

Outlook

In the coming years RUAG Aerostructures will advance global development of its activities at several levels. The global supply chain will be continuously expanded, with the cultivation of new suppliers and systematic enlargement of the supplier network. The new production site in Eger, Hungary now gives the division, as a tier-one supplier with global operations, the opportunity to take direct advantage of production in a country with a favourable cost structure.

In addition, the division also seeks to further strengthen its worldwide market position as top tier-one supplier for aircraft structures. Specifically, the North American market will be developed – particularly the business relationship with customers Boeing Commercial Airplanes and Bombardier. Not least of all, this will serve to further differentiate the customer base.

To set itself apart from the competition, RUAG Aerostructures is also expanding its service range. The new surface treatment plant at the Emmen location is key to the service strategy. Production will commence at the end of 2017.

Brief profile

RUAG Aerostructures is a global tier 1 supplier of aerostructures for civil and military customers. Key activities include the development, production and final assembly of complete fuselage sections, wing and control surface components as well as sophisticated component assemblies and parts for civil and military aircraft. The division has a special competency in managing complex supply chain networks. Among other things, it is responsible for the complete global fuselage section supply chains for Airbus and Bombardier.

Customers/partners

Airbus, Boeing, Bombardier, Dassault Aviation, GE Aviation, Northrop Grumman, Pilatus Aircraft, Saab

Numbers and facts

Net sales:	CHF 236 million
EBITDA:	CHF 15 million
EBIT:	CHF 12 million
Employees:	1,104
Based in:	Switzerland, Germany, Hungary