

## RUAG Defence

The division achieved renewed growth and higher profitability in the 2016 financial year. Both domestically and abroad, the market position of all business units grew firmer. Based on a very solid current order volume, RUAG Defence is optimistic about the coming financial year.

### Business performance

Sales increased again over the prior-year figure, from CHF 381 million to CHF 388 million. EBIT grew slightly to CHF 24 million over the previous year's CHF 23 million despite major investments in the cyber-security business, tactical communications and expansion of the international maintenance business. The fact that order intake at CHF 408 million was greater than sales further demonstrates that the division is in a sustained growth phase.

The Swiss federal procurement agency armasuisse has awarded RUAG Defence the continued operation of the combat training centres at all locations for the next five years. Beyond this, the total package includes an option until 2025. The division was chosen over well-known international competitors in a public tender process.

RUAG Defence plays a crucial role in the current procurement programme of the Swiss Armed Forces. The responsible bodies have decided to acquire a total of 32 RUAG COBRA mortar systems in the 2018–22 period. The 120 mm mortar system has impressed the decision makers in the Swiss Armed Forces and also met with strong interest internationally.

For the major armed forces telecommunications programme "TK A", the division, working closely with armasuisse, has developed concepts and planning documents and has carried out in-depth analyses. As technology partner it has also supported systems vendors in preparing field trials.

A project, awarded by armasuisse, to install military equipment packages in a total of 600 Mercedes G-class all-terrain vehicles is also running very successfully. 15 vehicles per month were already being delivered in 2016. RUAG Defence expanded its role as materiel centre of excellence and service provider for the Swiss Armed Forces' IFASS integrated radio reconnaissance and transmission system, and made important advance deliveries.

In connection with the Swiss military airspace surveillance radar system FLORAKO, significant contributions were made to the planned upgrade programme.

The French Defence Ministry's agreement to implement a major simulation and training contract in the coming years was a milestone in the international business.

RUAG Defence supplied C-IED training kits for the German army combat training centre (GÜZ). These state-of-the-art simulation components enable the Bundeswehr to safely train troops in dealing with improvised explosive devices.

Together with GEKE Schutztechnik GmbH, a company in which RUAG Defence holds a majority interest, the division continued work on a contract to supply mine and roof protection systems for over 300 PUMA infantry fighting vehicles. At the same time the division substantially expanded the protection business, including partnering with Finnish defence contractor Patria.

The RUAG ARANEA communications system successfully passed numerous endurance tests for international customers, giving impressive proof of its functional capabilities. The system guarantees maximum interoperability in crisis situations and interconnects a wide range of organizations, systems and devices.

The international maintenance, repair and overhaul (MRO) business held steady at a very strong level. Customers and local partners from 15 nations depend on these comprehensive services.

## Outlook

Thanks to a very solid current order volume, RUAG Defence is decidedly optimistic about the new financial year.

RUAG Defence will hold firmly to its strategy. A solid basis of project/integration business and MRO orders from the Swiss Armed Forces will be judiciously supplemented with proprietary products and technologies along with international repair, maintenance and operation contracts.

The division will also invest in the civil business. With the creation of an independent Cyber Security business unit as of 1 January 2017, RUAG Defence has been targeting not only armed forces but also law enforcement, critical infrastructure operators and selected industrial sectors. This business is being expanded further with the acquisition of UK company Clearswift.

The civil trade also focuses on turnkey solutions and services for rescue and security organizations. Intelligent coordinated situation monitoring systems for command support, security radio network infrastructure (POLYCOM), terminal device sales and interoperable communication systems will gain in importance in the years to come.

The Defence division's success is based on three pillars: the mandate for the Swiss Armed Forces, activities in international markets and the civil market business. These pillars guarantee sustainable competencies, performance and growth. The associated synergy effects result in better utilization of resources, industrial and testing equipment, access to the latest technologies, and competitiveness that has been tested in the global market. All this ultimately benefits the Swiss Armed Forces.

## Brief profile

RUAG Defence develops internationally sought-after technologies for armed forces, law enforcement and rescue and security organizations. Its core business includes products and services for tracked and wheeled vehicles, realistic military training, and reliable command, information and communication infrastructures. It also encompasses protection systems to counter ballistic and electromagnetic threats. The division supports operators of critical ICT infrastructures with state-of-the-art cyber-security solutions. Integration, maintenance, operation and innovative upgrades to relevant systems are also part of its comprehensive portfolio.

## Customers/partners

Swiss Armed Forces, armed forces worldwide, rescue and protection agencies and organizations, operators of critical ICT infrastructure, industrial partners

## Numbers and facts

Net sales:	CHF 388 million
EBITDA:	CHF 35 million
EBIT:	CHF 24 million
Employees:	1,612
Based in:	Switzerland, Germany, France, UK, United Arab Emirates