

2017 Annual Press Conference

Urs Breitmeier

CEO RUAG Group

Urs Kiener

CFO

RUAG Holding Ltd

Zurich, 23 March 2017

**Together
ahead. RUAG**

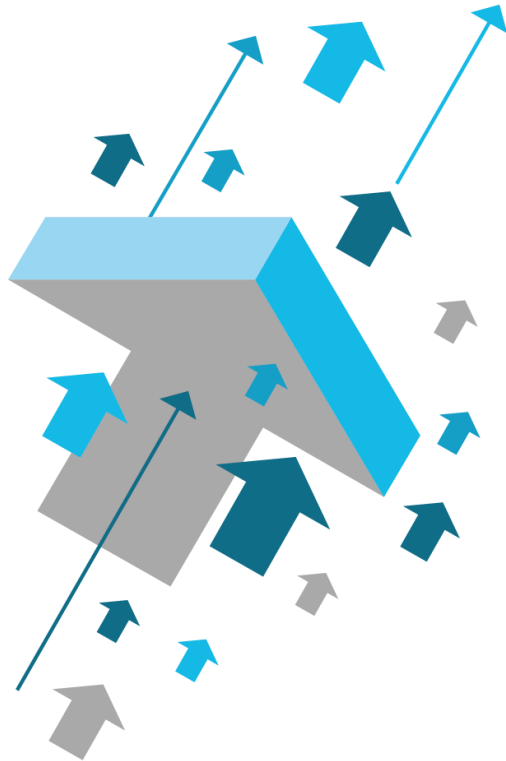
Corporate movie



<http://bit.ly/2IZ6hzJ>

Highlights

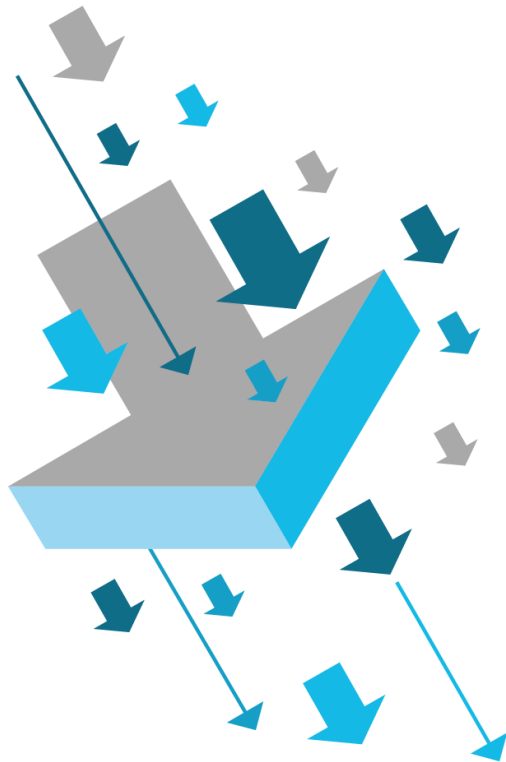
2016: the most financially successful year ever for RUAG



- Order intake up
- Sales up
- EBIT up
- Headcount up

Lowlights

2016: a year with some challenges

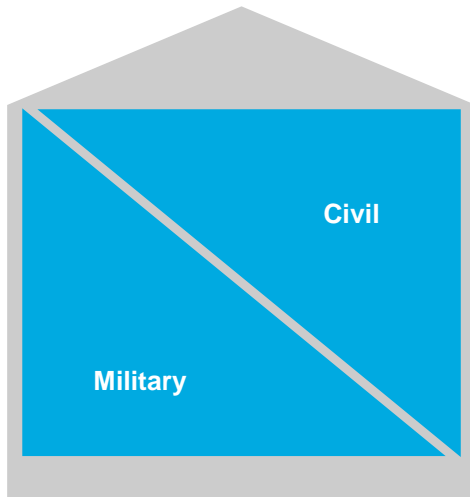


- **Cyber attack**
- **Tension between politics and business**
- **SFAO report**
- **CEO salary discussions**

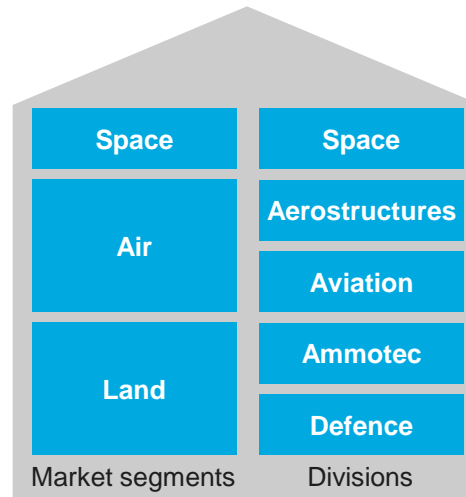
Strategy

One strategy – three key areas

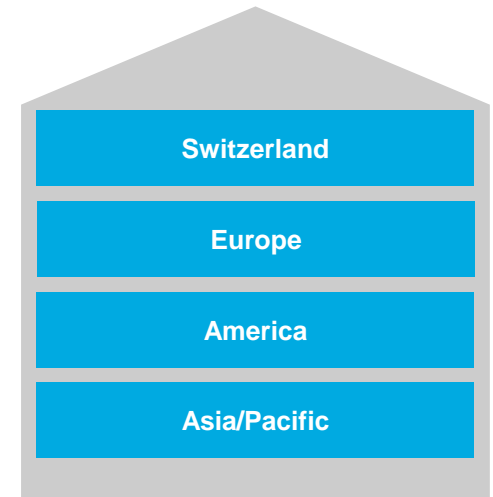
Combining civil and military applications



Focusing on core business



International growth



Brand promise

We listen to make it right. We stay to make it real. A promise you can trust.

Corporate values

Collaboration, high performance and visionary thinking

Corporate purpose

Ensuring the Swiss Armed Forces are properly equipped

RUAG fulfils its core mission and demonstrates its competitiveness

- DDPS benefits from long-term service level agreements
- RUAG will continue to operate the combat training centres for the Swiss Armed Forces
- RUAG is further expanding its Cyber Security business unit



Competencies in aerospace, security and defence



Corporate responsibility RUAG meets high standards

RUAG is a voluntary participant in the programme of the Energy Agency of the Swiss Private Sector and has set itself the target of reducing its annual CO₂ emissions by 200 tonnes by 2020.



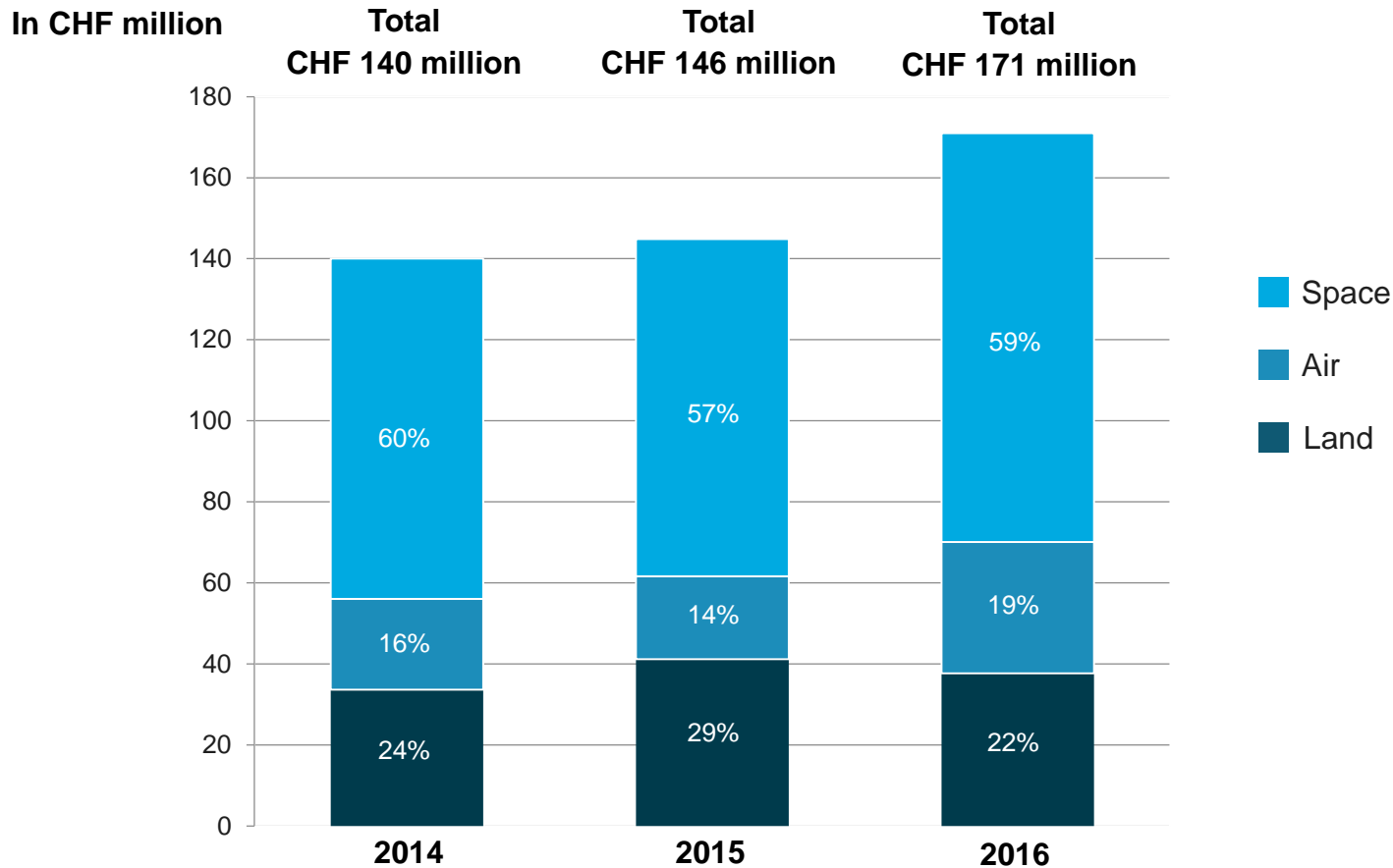
Compliance

Zero tolerance for corruption



RUAG invests more in research and development

Around 9% of sales on R&D



RUAG is investing in three growth areas

- **Aerostructures**
- **Commercial space ventures**
- **Cyber security**



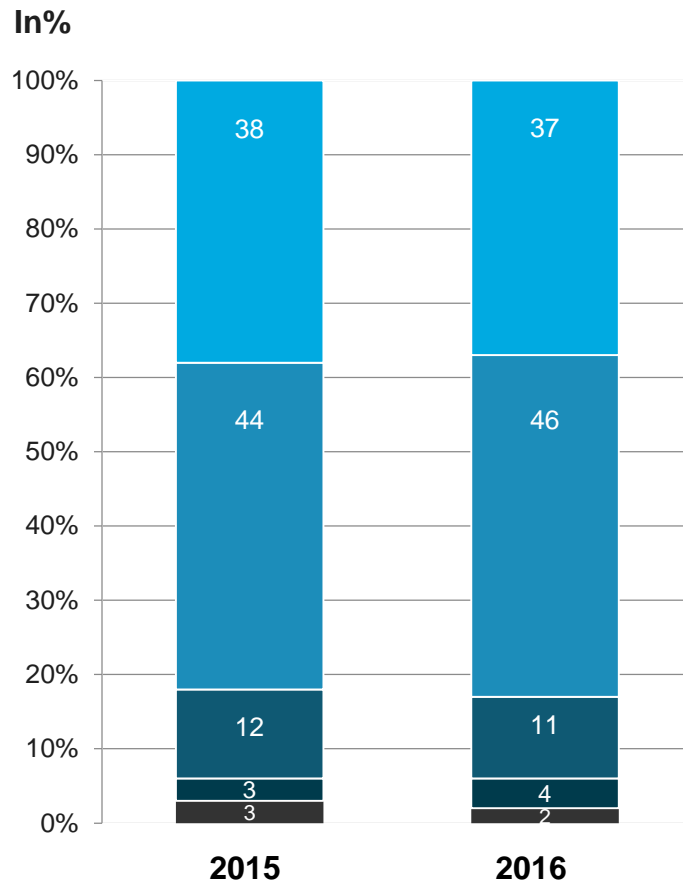
Financial and operational matters

The Group in figures

in CHF million	2016	2015	Change in%
Net sales	1 858	1 744	6.5%
Operating income	1 882	1 758	7.1%
Operating earnings before interest, tax, depreciation and amortization (EBITDA)	232	217	6.9%
Operating earnings (EBIT)	151	137	10.4%
Net profit	116	117	-0.6%
Cash flow from operating activities	135	145	-6.8%
Free Cash Flow	56	64	-12.1%
Net financial position	237	231	2.7%
Order intake	2 036	1 828	11.4%
Order backlog	1 556	1 378	13.0%
Research and development expenses	171	146	16.6%
Headcount at end of December incl. trainees	8 734	8 163	7.0%

Together
ahead. **RUAG**

Net sales by region

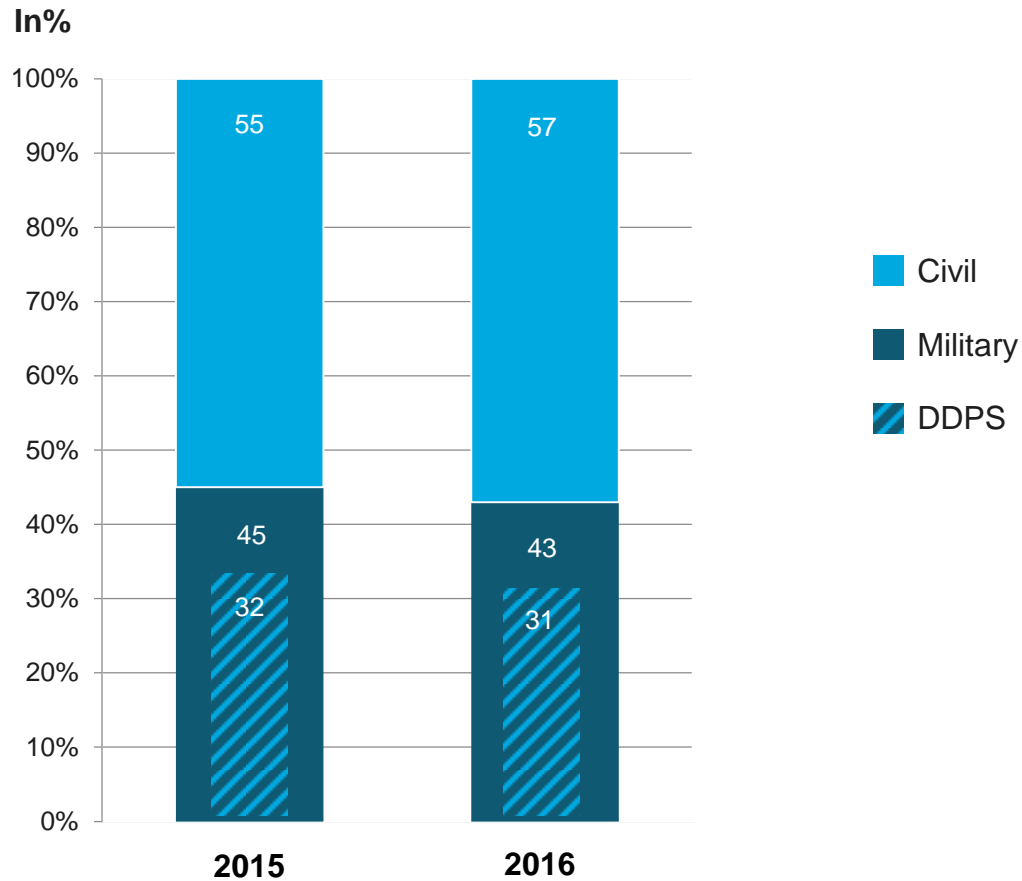


Group

2015, net sales: CHF 1744 million
2016, net sales: CHF 1858 million

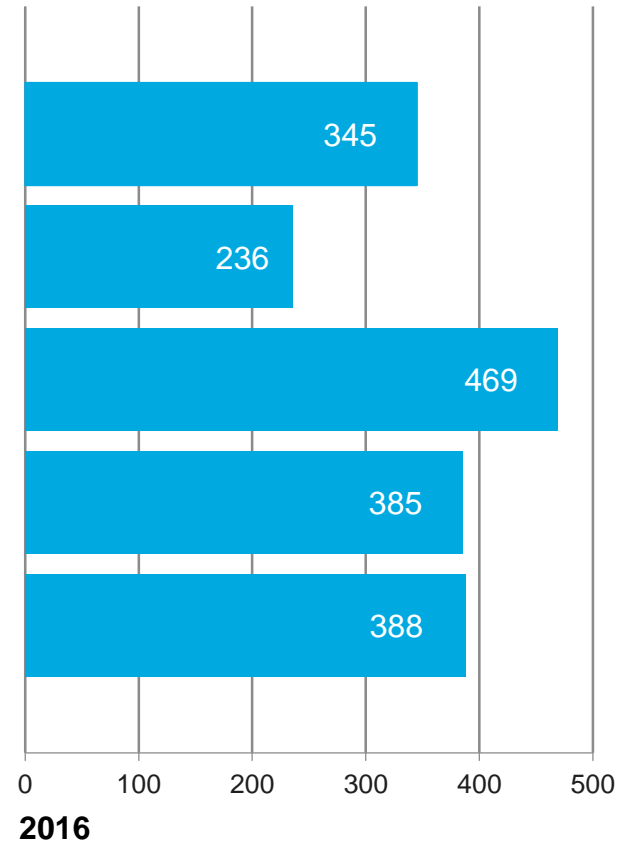
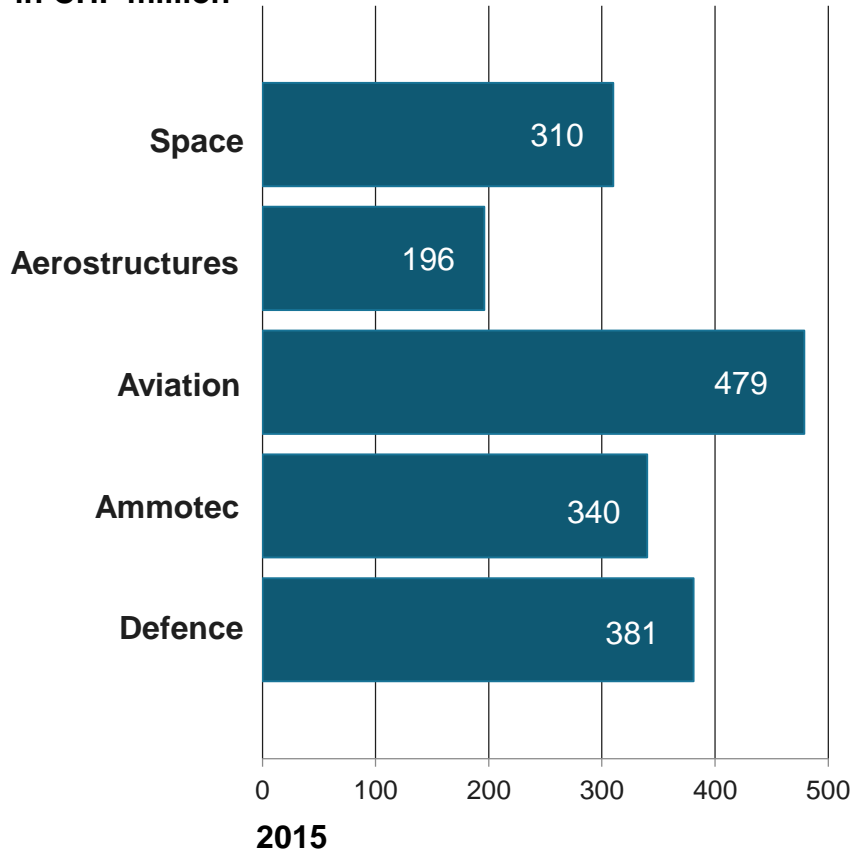
- Switzerland
- Europe
- North America
- Asia/Pacific
- Rest of the world

Net sales by application

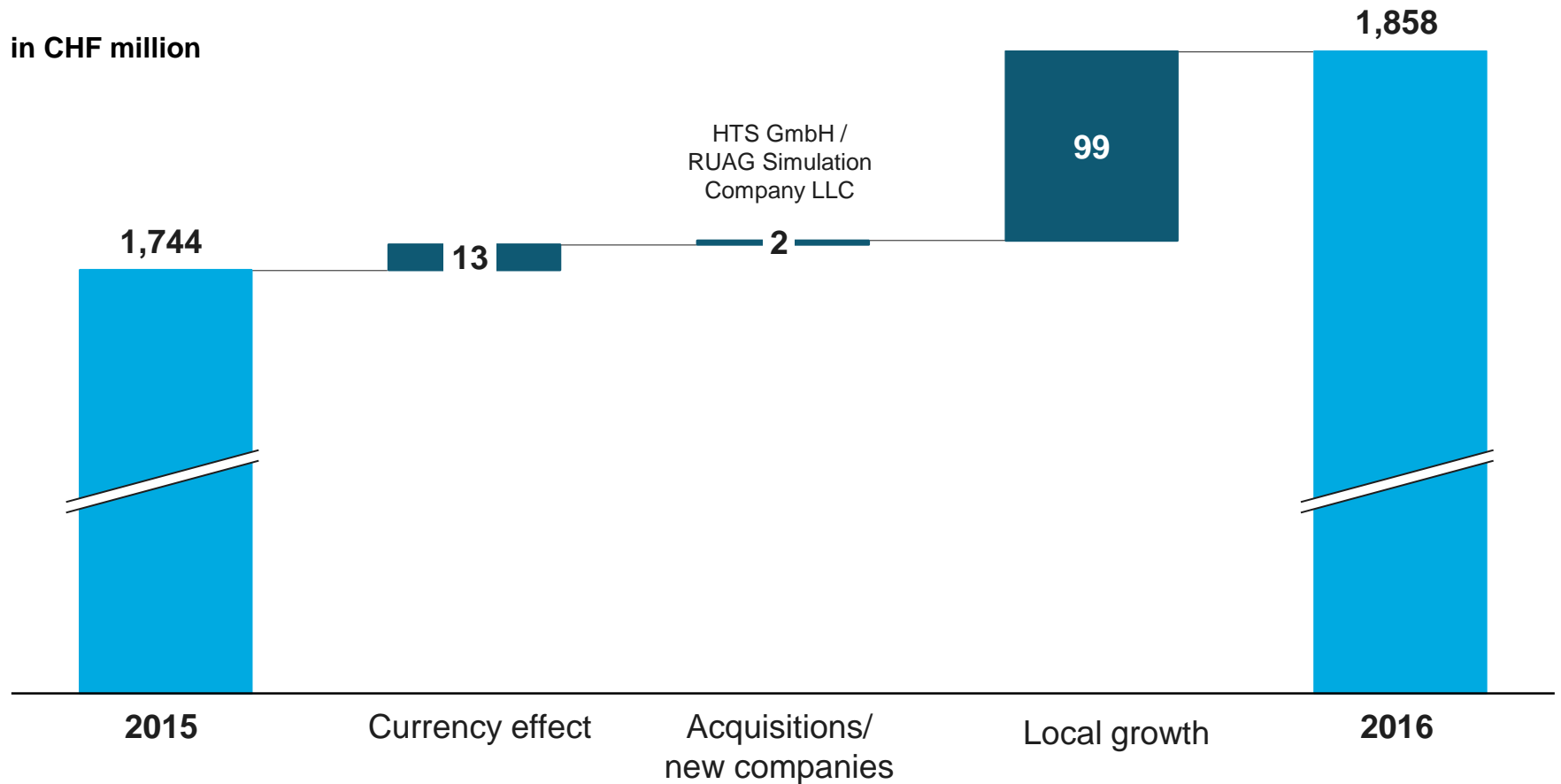


Net sales by market segment

in CHF million

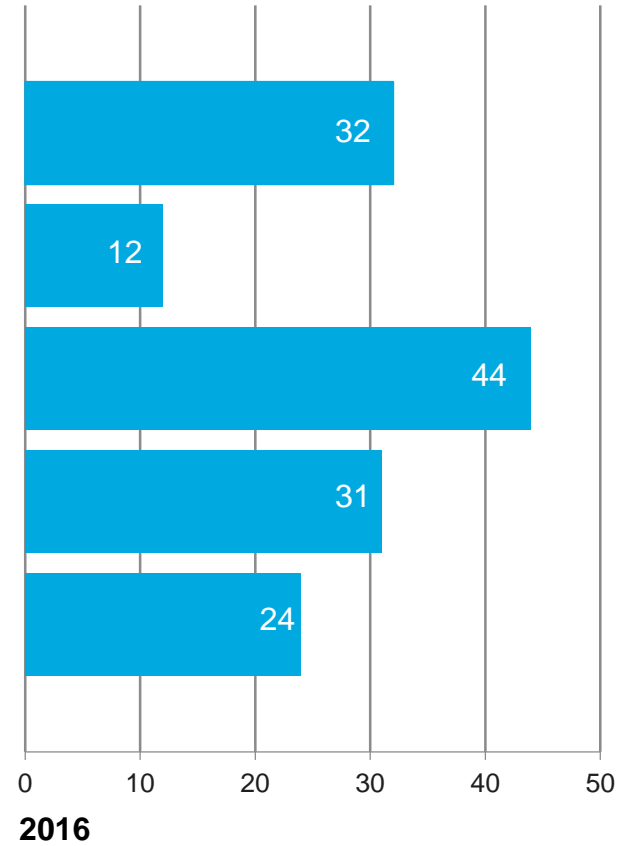
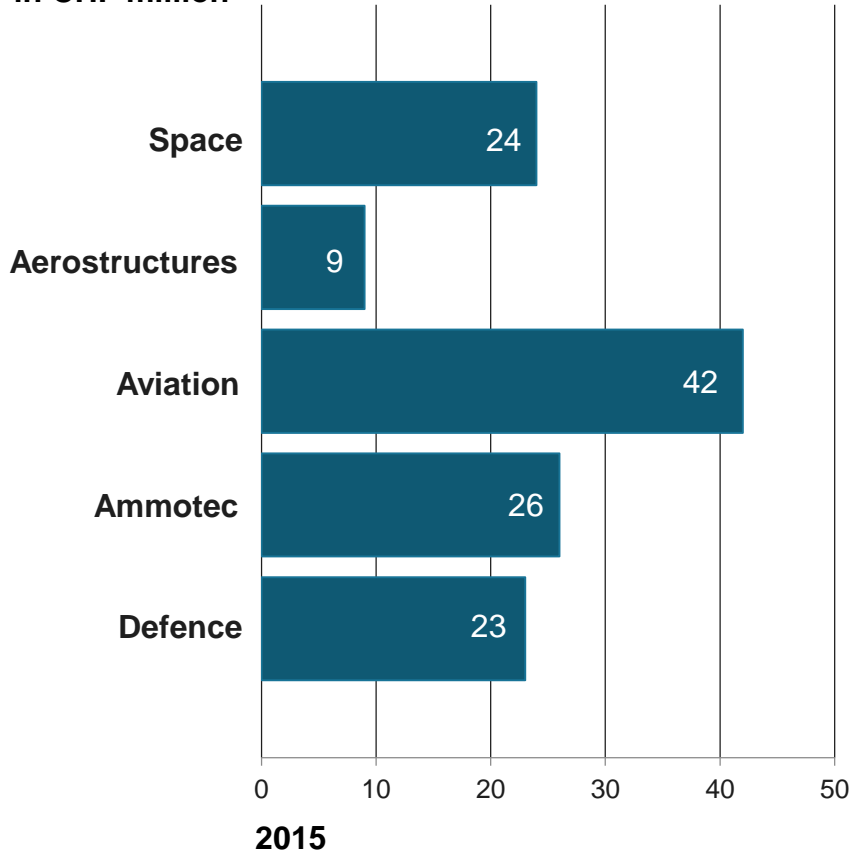


Net sales 2015-2016



EBIT in the divisions

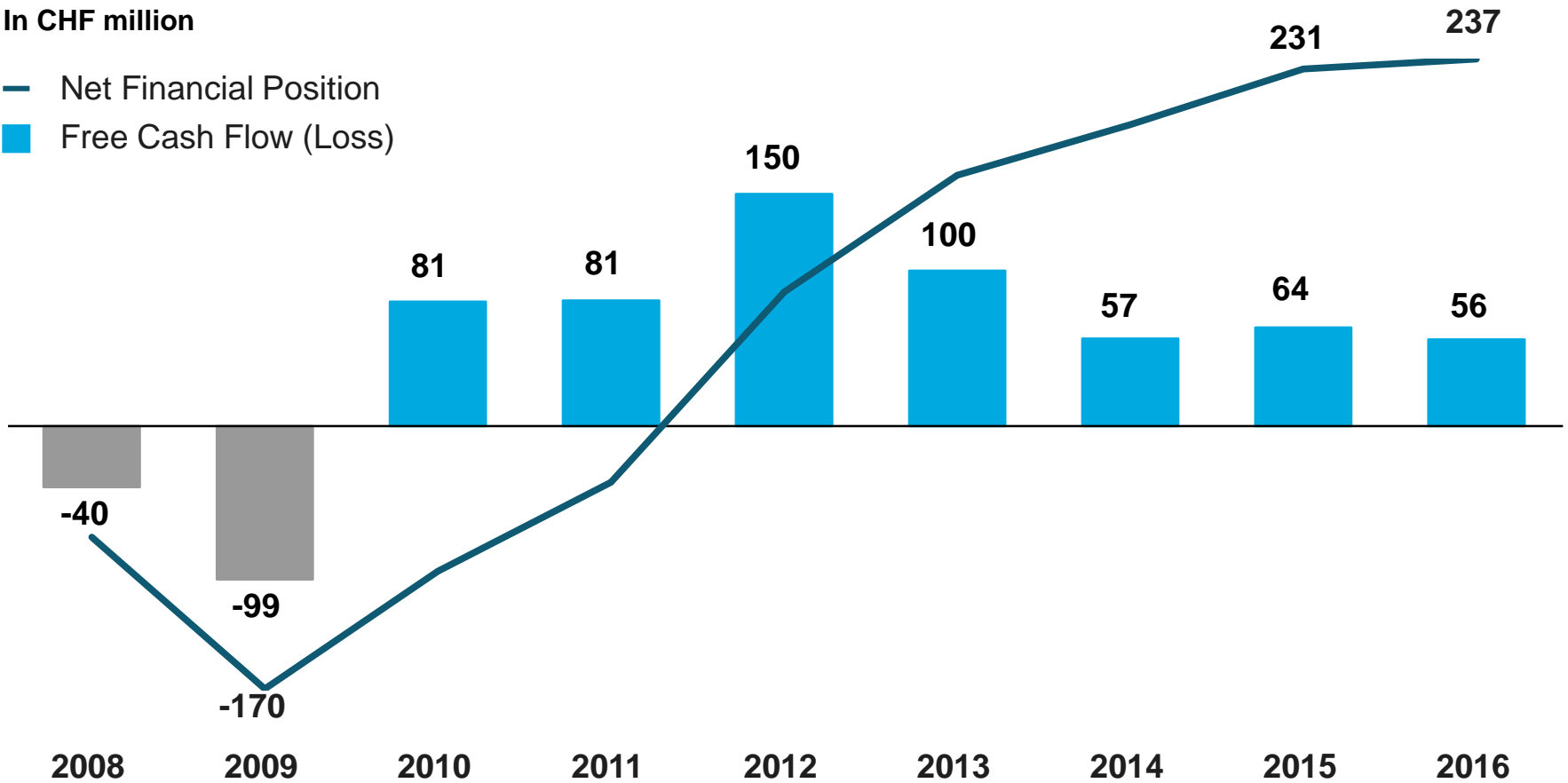
in CHF million



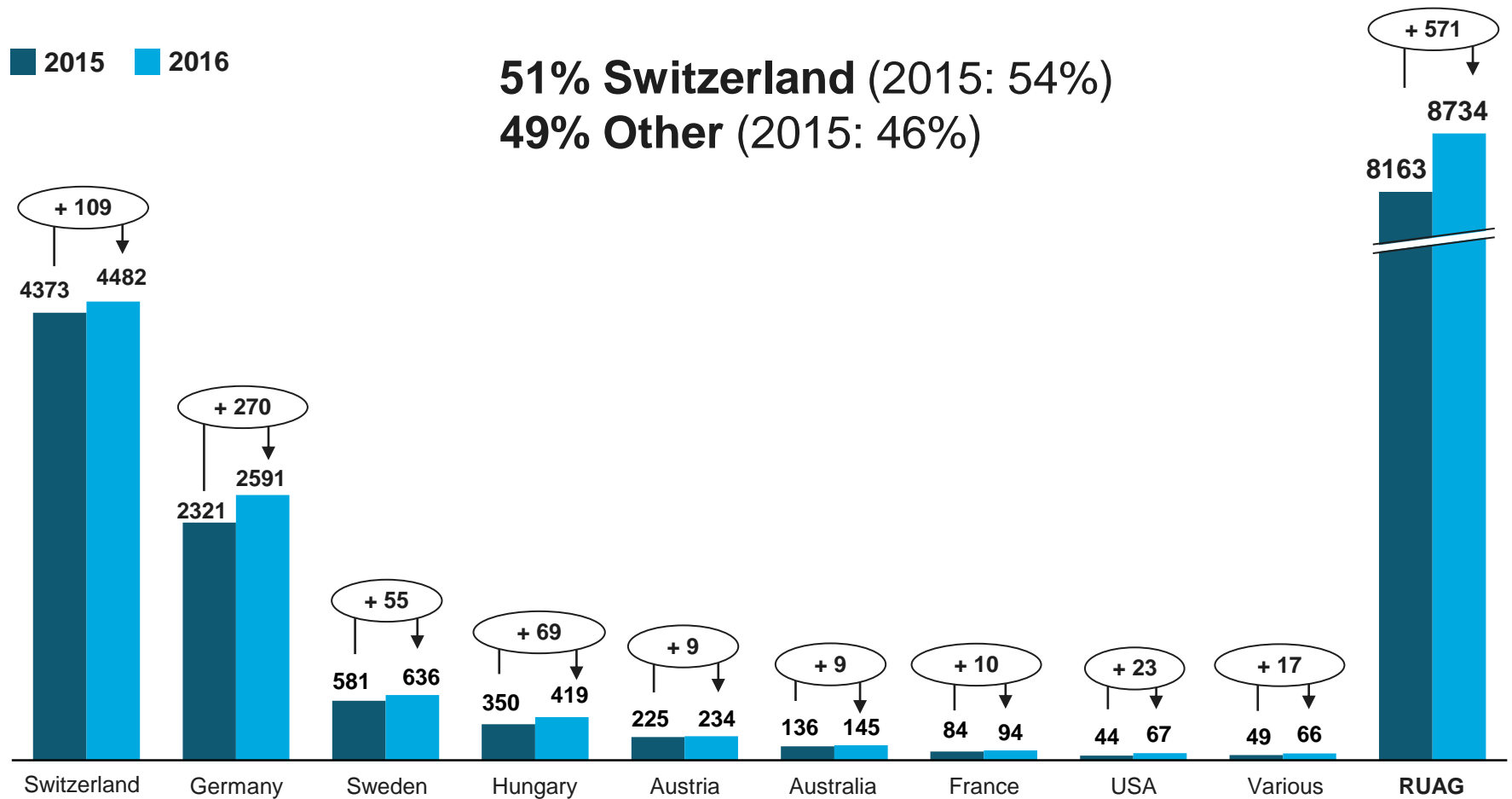
Net financial position 2008-2016

In CHF million

— Net Financial Position
■ Free Cash Flow (Loss)



In 2016 RUAG created about 570 new jobs, of which 109 were in Switzerland



Business performance by the divisions



RUAG Space

RUAG Space is Europe's leading supplier of products for the space industry and has a growing presence in the United States as well.

Facts and figures

Net sales:	CHF 345 million
EBITDA:	CHF 48 million
EBIT:	CHF 32 million
R&D percentage:	59.5%
Employees:	1257
Based in:	Switzerland, Sweden, Austria, Finland, USA, Germany

Customers / partners:

ESA, NASA, Arianespace, Airbus Safran Launchers, European Launch Vehicle, Airbus Defence & Space, OHB, Thales Alenia Space, United Launch Alliance, Space Systems Loral, Orbital ATK, Boeing, Lockheed Martin



RUAG Aerostructures

RUAG Aerostructures is a global first-tier supplier in the aerospace manufacturing segment for civil and military applications.

Facts and figures

Net sales:	CHF 236 million
EBITDA:	CHF 15 million
EBIT:	CHF 12 million
R&D percentage:	0%
Employees:	1104
Based in:	Switzerland, Germany, Hungary

Customers / partners:

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



RUAG Aviation

RUAG Aviation is a leading supplier, support provider and integrator of systems and components for civil and military aviation.

Facts and figures

Net sales:	CHF 469 million
EBITDA:	CHF 52 million
EBIT:	CHF 44 million
R&D percentage:	18.6%
Employees:	2211
Based in:	Switzerland, Germany, USA, Australia, Malaysia, Brazil

Customers / partners:

Swiss Air Force, German
Bundeswehr, Royal Australian Air
Force, Bombardier, Dassault,
Embraer, Airbus, Pilatus Aircraft,
Boeing, General Electric,
Northrop Grumman, Saab



7,62x51

RUAG Ammotec

RUAG Ammotec, with its Hunting & Sport and Armed Forces & Law Enforcement business units, is the European market leader in small-calibre ammunition, pyrotechnic elements and components.

Facts and figures

Net sales:	CHF 385 million
EBITDA:	CHF 46 million
EBIT:	CHF 31 million
R&D percentage:	4.2%
Employees:	2218

Based in: Switzerland, Germany, USA,
Sweden, Hungary, Austria, UK,
France, Belgium, Brazil, Italy

Customers / partners:

Swiss Armed Forces, German Bundeswehr and other foreign armed forces, law enforcement organizations, hunters and sporting marksmen, industrial partners



RUAG Defence

RUAG Defence develops internationally sought-after technologies for armed forces, law enforcement and rescue and security organizations.

Facts and figures

Net sales:	CHF 388 million
EBITDA:	CHF 35 million
EBIT:	CHF 24 million
R&D percentage:	17.7%
Employees:	1612
Based in:	Switzerland, Germany, France, UK, United Arab Emirates

Customers / partners:

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

Outlook



RUAG Group

Five divisions, 14 production countries, 8734 employees, one success story

Review

- In 2016 RUAG generated the highest sales in its history
- All five RUAG divisions made a profit
- Around 110 new jobs created in Switzerland

Outlook

- Record order intake (>CHF 2 billion) is the foundation stone for continued profitable growth over the next few years
- RUAG generates more than 80% of sales in free competition, and its products and services are in demand
- RUAG's strategy is based primarily on strengthening the three growth pillars: aerostructures, commercial space ventures and cyber security