

RUAG Space

RUAG's space business is exhibiting profitable growth both in Europe and in the United States. The Swiss side of the operation is also benefiting from the new business. Optimized manufacturing processes and a market-driven product range have resulted in major contracts for ESA, NASA and commercial programmes. With a focus on process optimization, RUAG Space is looking to hone its competitive edge still further in 2018.

Business performance

Lower market entry barriers, higher cost pressure, new players – that is the setting in which RUAG Space is operating. As always, the space industry is on the move, and in this new era there is as yet no sign of consolidation. The institutional and commercial (“New Space”) markets are coexisting and challenging each other. For RUAG Space as a product manufacturer this means, more than ever, being close to its customers. In 2017, it once again succeeded in this regard. The Space division closed the year with EBIT of CHF 34 million (CHF 32 million) and sales of CHF 365 million (CHF 345 million).

Moreover, RUAG Space also ended 2017 with an important contract in the electronics domain. While the ESA was using a central control computer supplied by RUAG Space to send another four Galileo satellites into orbit in December, the division announced that it would also be supplying the central computer – in a sense the “brain” – for the next batch of navigation satellites. And the RUAG Space computer from Sweden will also be used in the first electrically driven satellite, Electra. In the segment of navigation receivers, which are manufactured by RUAG Space in Austria, the division is leading the market in Europe, and it was also able to gain new business in the United States.

In the other product groups, too, new orders in 2017 showed that RUAG Space had made the right decisions in previous years in terms of locations, products and processes. For example, RUAG Space is a member of a consortium of companies that will be manufacturing the so-called “Universal Stage Adapter” for NASA's new Space Launch System. This has been made possible by the new facility in Decatur, Alabama (USA) – and by systematically expediting an optimized manufacturing process for carbon structures using state-of-the-art

production methods. The first payload fairings to come out of Emmen (Switzerland) which are likewise based on this process had their maiden flight in June 2017 and will proportionally reduce the costs for the future European launch vehicle Ariane 6 by 40 %.

In the case of new orders, such as that for the OneWeb telecommunications network, the synergies between the international RUAG Space locations and its broad product portfolio were brought to bear. As well as structures and dispensers from the production facilities in Titusville, Florida (USA), and Linköping (Sweden) – which, respectively, were recently opened or expanded – cooperation was extended to include other products from the RUAG Space portfolio.

In parallel to growing its business, RUAG is working intensively on the products of the future. RUAG Space is thus keen to establish itself increasingly as a centre of excellence for promising new processes in the mechanical domain, for example in the semi-automated manufacturing of satellite structures. In this regard, one strategic pillar within the industry falls under the heading “COTS” (commercial off the shelf). This means that RUAG Space is increasingly using standard components in its products, instead of individual designs, and qualifying these for space applications. This not only cuts manufacturing time and costs, but also generates higher performance, especially in the electronics field. The prototype of a COTS-based on-board computer developed by RUAG Space was presented this year at a trade fair.

Outlook

While the order intake figure for 2017 means that the division can look to next year with a certain degree of optimism, the space market remains strained. Thus the priority now is to get on the right track for long-term success in a market in which not every player will be able to prevail.

The institutional business remains an important pillar for RUAG Space; nonetheless, the requirements of the commercial business are leading it to adopt a focused, less country-oriented approach to developing and marketing its portfolio. The new organizational structure of the Space division is designed to meet this need; the division will no longer operate based on country units, but rather on three product groups: Electronics, Spacecraft and Launchers. It is also focusing on continuously improving its operating processes (Operational Excellence) – this is the only way for RUAG Space to remain competitive in the long term. Reducing costs and accelerating up to series production: these will continue to be important success parameters in the turbulent space industry in 2018.

Against this backdrop, the biggest growth potential for RUAG Space lies in the US market. Having extended its US presence to four locations, RUAG Space now fulfils a key condition to qualify for both commercial and institutional contracts. With its latest branch, a development site in Silicon Valley (USA), RUAG is also looking to establish itself as a supplier for high-throughput satellites. By expanding its portfolio in the area of digital electronics, RUAG is planning to have its products in the newest generation of telecommunications satellites too.

Last but not least, the increasing number of constellations – i.e. networks of mainly smaller satellites – and the corresponding need for launch frequencies, is also opening up new business opportunities. Product lines geared specifically to smaller satellites (e.g. CubeSats) or corresponding “small launchers” are well advanced.

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 14 production sites in six countries, the division specializes in components for use aboard satellites and launch vehicles. Its competencies fall into three areas: electronics for all space applications, mechanical and thermal products for satellites, and structures and separation systems for launch vehicles.

Customers/partners

ESA, NASA, ArianeGroup, Airbus Defence & Space, Thales Alenia Space, OHB, United Launch Alliance, Space Systems Loral, Orbital ATK, Boeing, Lockheed Martin

Numbers and facts

Net sales:	CHF 365 million
EBITDA:	CHF 46 million
EBIT:	CHF 34 million
Employees (FTE):	1,350
Based in:	Switzerland, Sweden, Austria, USA, Finland, Germany