RUAG Space

The space business is becoming more and more relevant to life on earth – telecommunications, security, navigation are just a few examples of this. As a leading supplier of satellites and launch vehicles, RUAG Space once again successfully navigated its way through this dynamic market in 2018: the Space division continues to exhibit profitable growth, and is proving equal to its strategic role within the Group.

Business performance

Based on its three strategic pillars – industrialisation, the US market and competitive products – the Space division ended the year on a successful note, with an EBIT of CHF 38 million (CHF 34 million) and sales of CHF 377 million (CHF 365 million).

While in the past the space industry has been mainly characterised by manual processes, it is currently experiencing a process of industrialisation: the demand for space infrastructure is rising, larger volumes are being produced in shorter time-frames and costs are falling. RUAG is at the forefront of this transition, driving process optimisation and giving its customers the corresponding competitive edge. In total, RUAG Space supplies over 200 satisfied customers, from small enterprises to big players – more and more often in the United States, where RUAG is on board with a number of NASA missions. In 2018, RUAG went into production at sites in Alabama and Florida. The division's constantly developing product portfolio is also a hit with its customers. Today, RUAG is the market leader in eight product areas, including avionics hardware, thermal protection, mechanisms and structures for satellites.

One particular focus in 2018 was on further developing the Electronics product group. With another Galileo launch, the European navigation system is now fully operational. Under this system, all satellites are controlled by RUAG-supplied on-board computers, which can be likened to the 'brains' of the system. The NASA ICESat-2 launched in 2018 also relies on RUAG electronics – the navigation receivers allow the satellite to pinpoint its position in orbit. A downturn in connection with ESA cycles required a few corrections to the division's organisational structure. At the same time, the focus was on the future: high-throughput satellites with a digital payload need more powerful yet less expensive electronics. With projects in Silicon Valley and a partnership with Swiss start-up SWISSto12, RUAG is looking to claim a market leadership position here too, and is contributing its expertise in microwave technology and digital electronics.

The Spacecraft product group also had a positive year: a further contract with US telecommunications company OneWeb means RUAG will continue to supply the structures for its satellite constellation. For ESA's Plato mission, RUAG acquired one of the most significant European contracts of the year and is supplying both satellite structures and electronic products. And thanks to a major order from Zeiss, RUAG will be developing and manufacturing mechanisms for lithography applications. RUAG is thus partnering the world market leader, whose optical systems are used to produce around 80 % of chips worldwide – space expertise used at the terrestrial level. This year RUAG has already delivered the structures for ESA's next Mars Rover and for the second-generation MetOp weather satellite. Other highlights were the launch of the BepiColombo mission to Mercury, for which RUAG supplied the thermal insulation protecting its satellite from adverse conditions in space, and a development partnership with Oerlikon to take 3D printing technology for space applications to the next level.

While the long-term viability of the new Ariane 6 launch vehicle was being discussed in the European market in 2018, RUAG succeeded in penetrating the growing 'small launchers' segment with its Launchers product group. These launch vehicles are geared to sending smaller satellites into space, with lower launch costs. With its new Flexline range, RUAG is supplying modules for launch vehicles in many different sizes, thanks to a high level of standardisation and lower manufacturing costs. The first launches with new customers such as Australian rocket-builder RocketLab will be taking place in 2019. At the same time, the division's business with large vehicles remains a key focus area – every month, there are generally several launches of US and European rockets equipped with RUAG adapters which secure the satellites and separate in orbit. Moreover, the first 'made in USA' payload fairing was produced this year for United Launch Alliance.

Outlook

Our networked, globalised society will ensure that the space market is one which continues to grow – telecommunications, security, navigation and logistics are just a few of the application areas gaining in significance. With increasing commercialisation, paradigms are changing in terms of risk management, pricing and marketing. RUAG Space aligns itself closely to its customers in order to meet the requirements of this logic, offer the corresponding products and services and maintain its edge over the competition – especially in the United States.

The opportunities here are located on the one hand in the established NASA business and, on the other, in the military space activities of the Department of Defense and in the 'New Space' field with its various constellations. RUAG is looking to pursue ongoing organic growth and selective acquisitions in order to penetrate further into the world's largest space market. This does not mean that the European business will be neglected: it, too, will benefit from the various developments as well as from price reductions due to larger volumes. RUAG Space plans to continue investing in the space segment and to proactively generate growth so that it lives up to its role as one of RUAG's strategic mainstays.

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 13 sites in six countries, the division specialises 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 and Space, Airbus OneWeb Satellites, Thales Alenia Space, OHB, United Launch Alliance, Space Systems Loral, Orbital ATK, Boeing, Lockheed Martin

Numbers and facts

Net sales:	CHF 377 million
EBITDA:	CHF 52 million
EBIT:	CHF 38 million
Employees (FTE):	1'345
Based in:	Switzerland, Sweden, Austria, USA, Finland, Germany