

# RUAG MRO International

All three business units were affected by the COVID-19 crisis and did not perform according to expectations. The search for buyers willing to further develop the units was pursued with conviction. A buyer was already found for the Geneva and Agno sites in 2019. This was also achieved for the Oberpfaffenhofen site in 2020.

## Business performance

2020 was a challenging year for all business units of RUAG MRO International. As a result, sales decreased by around 26 % to CHF 179 million (CHF 243 million). EBIT remained in negative territory at CHF –76 million (CHF –63 million). This was mainly due to the negative impact of the COVID-19 pandemic on both Aviation activities and Simulation & Training. Earnings were also impacted by write-downs and operating losses regarding Do228 production.

In 2020 RUAG MRO International vigorously pursued the main objective of finding new owners for all the business units earmarked for divestment. These should be prepared to invest and develop the business activities further. Various divestment projects were intensified, even though the COVID-19 pandemic made these efforts more difficult. Nevertheless, RUAG MRO International succeeded in signing a sales agreement with General Atomics Europe for the business activities at the Oberpfaffenhofen site at the end of September 2020. The new owner has taken over all maintenance activities for both private and military aircraft, as well as the manufacture and maintenance of the Do228 aircraft with all 420 employees. The final transfer of ownership to General Atomics took place at the end of February 2021. The commercial aircraft maintenance operations in Geneva and Agno were sold to Dassault Aviation as early as 2019.

All three business units – Aviation International, Simulation & Training and Business Aviation/Do228/Military Aviation – reported a decline in earnings in the reporting year. The largest share of the negative development was attributable to the production of the Do228 programme. A further impairment loss had to be recognised in this area. Two aircraft could not be delivered as planned. By contrast, maintenance of military aircraft at the Oberpfaffenhofen site performed extremely well. The transition from maintenance work on the previous Bell UH-1D helicopters to orders for the German armed forces' new NH90 transport helicopters went according to plan.

After an extremely successful 2019, the current reporting period for international maintenance activities in Australia and Malaysia is proving much more challenging, as expected. While orders for the new F-35 fighter jet are only in the development phase, work on the Australian Air Force's existing FA-18 aircraft is steadily declining. The pandemic also had a negative impact on decision-making channels and thus on the generation of replacement orders for F/A-18s from other countries. In addition, the Melbourne site was closed for weeks due to the lockdown. One encouraging development was the awarding of full patent rights in Australia, Europe, the USA and Canada for the "method for treating aircraft structures". This patent relates to the use of Supersonic Particle Deposition (SPD) as an alternative repair method for aircraft components – resulting in significant savings in time and cost for customers.

Despite several landmark contract wins, the Simulation & Training business unit fell short of expectations. While utilisation of the Swiss Army's combat training centres reached 100 %, the pandemic led to a plant closure in France lasting several weeks. Furthermore, international sales were severely hampered by travel restrictions. Simulation & Training recorded various successes in France, where RUAG Simulation & Training and the Agueris consortium won the SERKET tender for the development, production, commissioning and support of cabin simulators for tactical training on armoured army vehicles. In England, it is supplying Gladiator live simulation systems for tactical mission simulation to the British Army in partnership with Ravenswood. And in Denmark, the Danish Army has ordered SATIS simulators for small arms training.

In view of the ongoing divestment processes, management invested heavily in transparent internal communications. The success of these efforts is reflected in the fact that staff turnover has not increased despite the intentions to sell. On the contrary, many key employees are deliberately staying on because they have confidence in the future potential of their area.

## Outlook

In 2021, the focus for RUAG MRO International will be on further stabilising the economic situation of the activities. The search for suitable buyers for the various business units will continue. For Simulation & Training, the focus is on achieving the best possible market position – with the main aim being to convert orders into sales. Military Aviation aims to generate additional volumes. Future prospects in the F-35 business are very good.



**"We are continuing along the path of divestments – and aim to return to positive figures in the future."**

**Felix Ammann**  
EVP RUAG MRO International

## Brief profile

**RUAG MRO International** is an independent supplier, support provider and integrator of systems and components for civil and military aviation across the globe. As the manufacturer (OEM) of the Dornier 228, a versatile aircraft designed for special missions as well as passenger and cargo transport, RUAG's focus is on providing customer and OEM support in this particular area. RUAG MRO International also develops simulation and training facilities for live, virtual and constructive training (LVC training) delivered to international security and armed forces.

## Based in

Switzerland, Germany, France, Malaysia, Australia, United Arab Emirates



## Facts and figures

**CHF 179 million**

Net sales

**CHF (71) million**

EBITDA

**CHF (76) million**

EBIT

**1,072**

Employees (FTE)

## Customers and partners

Boeing, Bombardier, Embraer, Honeywell, Lockheed Martin, Ravenswood Solutions, Rockwell Collins, Pilatus, United Technologies, selected security and armed forces, plus authorities and civil security organisations worldwide