

# 2018 Annual Press Conference

**Urs Breitmeier**

CEO RUAG Group

**Urs Kiener**

CFO

RUAG Holding Ltd

Zurich, 23 March 2018

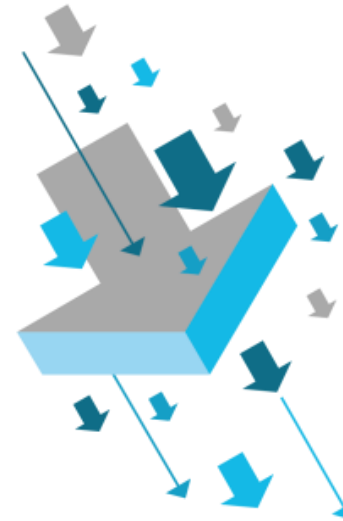
**Together  
ahead. RUAG**

# Highlights and lowlights

## 2017: RUAG has established a strong baseline



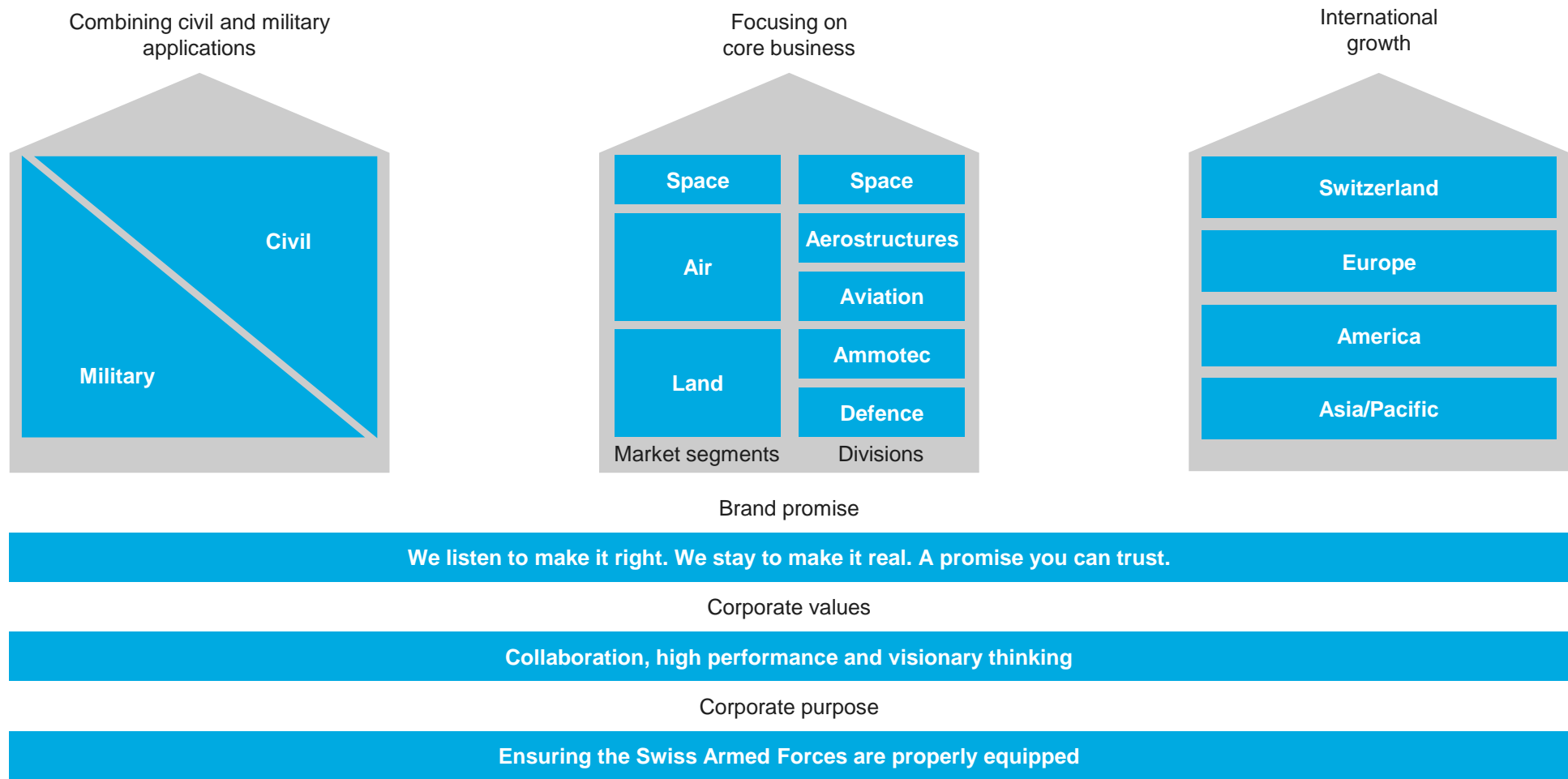
- Sales up
- Order backlog up
- Growth pillars strengthened
- Jobs created



- Profitability and earnings down
- Exposed to extraordinary effects

# Strategy

# One strategy – three key areas



# A year of investment in our strategic growth areas

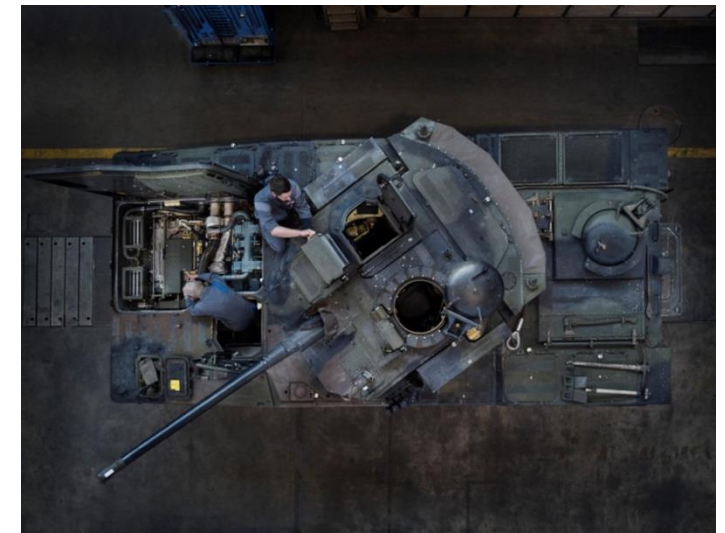
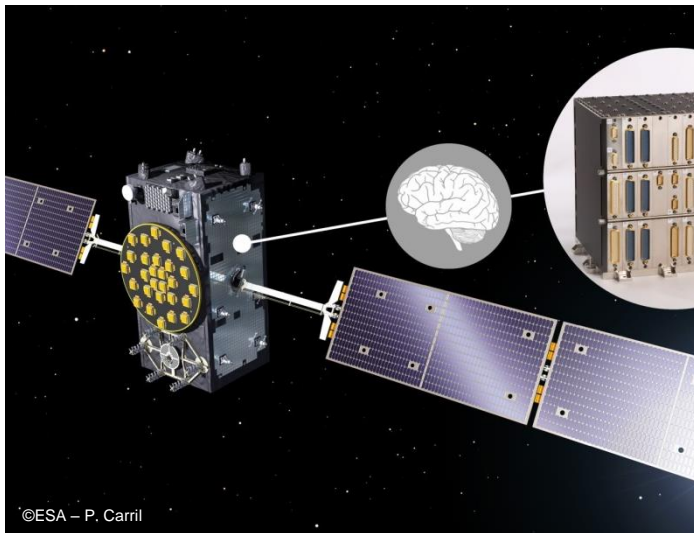
## Space and Aerostructures

- RUAG Space establishes two new production facilities in the United States.
- RUAG Aerostructures commissions a cutting-edge surface treatment facility in Emmen.
- RUAG Aerostructures opens a new production facility in Eger, Hungary.



# Order intake figures reflect large number of contracts signed and projects implemented

- RUAG is supplying the “brain” for the next twelve satellites for the European navigation system Galileo.
- RUAG is making an important contribution to Airbus A320 production.
- DDPS benefits from new service level agreements in the fields of aviation and defence.





# Competencies in aerospace, security and defence

- New generation of satellites to be up to 20x more efficient thanks to digital technology – RUAG will be supplying key electronics modules for this in future.
- RUAG handles major projects, such as the upgrade programme for the Cougar transport helicopter (TH98), from A to Z.
- RUAG offers customers and partners both at home and abroad a wide range of MRO services.



# Compliance

## Zero tolerance for corruption

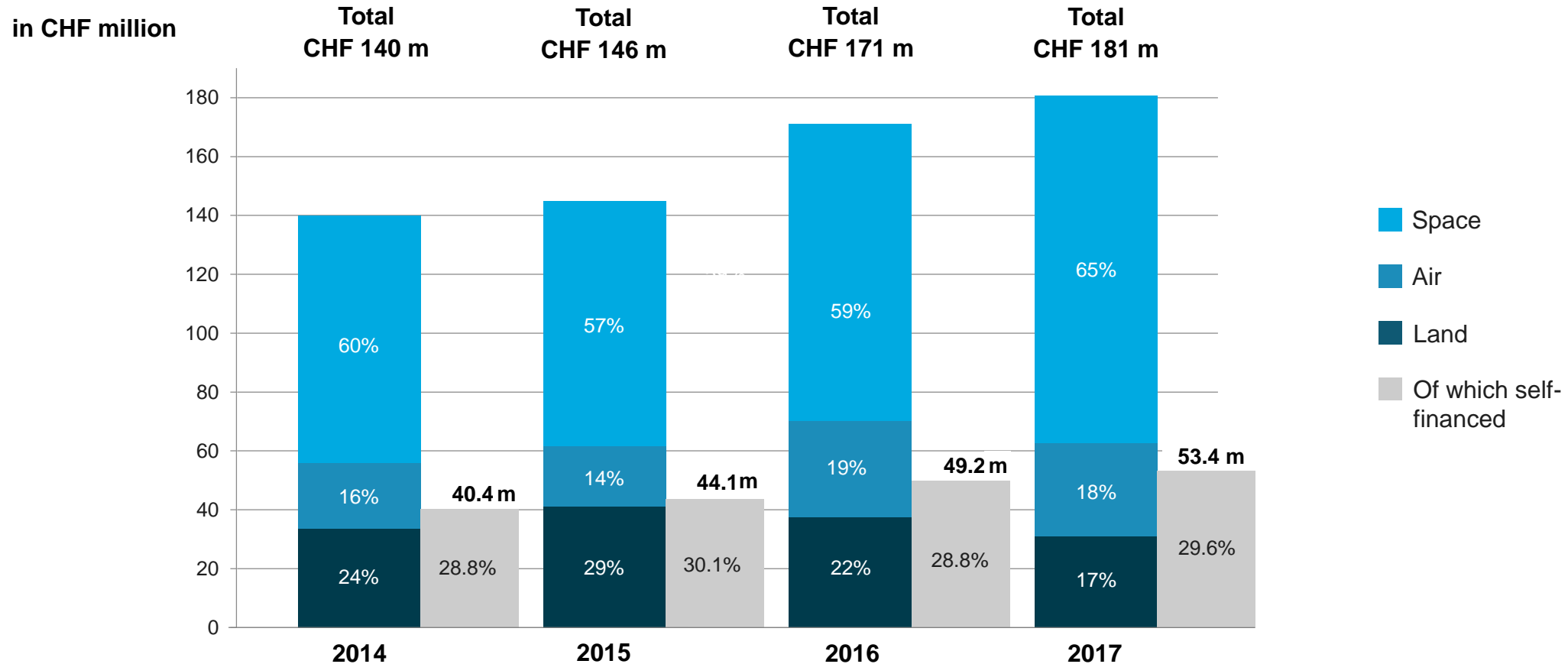
### 10 golden rules

- 1 We behave responsibly in our business dealings.
- 2 We create trust and justify the trust placed in us.
- 3 We are true to our word, in that we say what we do and do what we say.
- 4 We act honestly, communicate openly and take responsibility for our own behaviour.
- 5 We protect the business secrets entrusted to us.
- 6 We are honest and communicate openly about mistakes. We learn from our mistakes and share these experiences with our colleagues.
- 7 We address our colleagues openly about mistakes so that we can correct them together.
- 8 We maintain an edge over the competition through performance, competence, quality and innovation.
- 9 We follow the rules – including and especially in difficult situations and difficult markets.
- 10 We do not disregard or flout these basic rules in favour of business success.



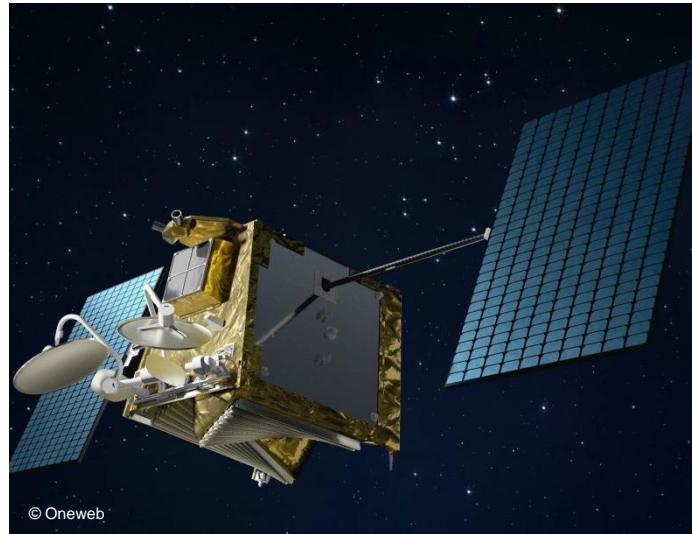
# RUAG invests more in research and development

## Around 9% of sales is spent on R&D



# RUAG is investing in three growth areas

- Aerostructures
- Space
- Cyber Security

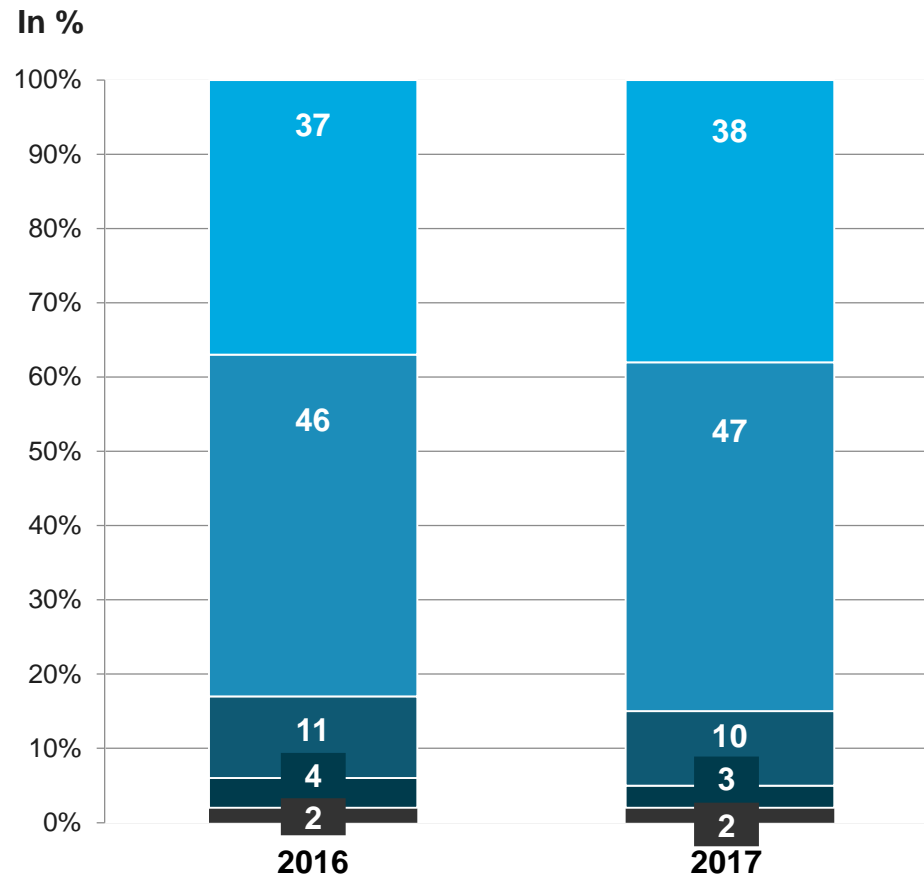


# Financial and operational matters

# The Group in figures

in CHF million	2017	2016	Change in %
Net sales	1 955	1 858	5.2%
Operating income	1 990	1 882	5.8%
Operating earnings before interest, tax, depreciation and amortization (EBITDA)	196	232	−15.6%
Operating earnings (EBIT)	119	151	−21.5%
Net profit	89	116	−22.8%
Cash flow from operating activities	88	135	−35.0%
Free cash flow	(58)	56	−203.2%
Net financial position	77	237	−67.6%
Order intake	1 961	2 036	−3.7%
Order backlog	1 607	1 556	3.3%
Research and development expenses	181	171	5.8%
Headcount (FTE) at end of December incl. trainees	9 189	8 734	5.2%

# Net sales by region

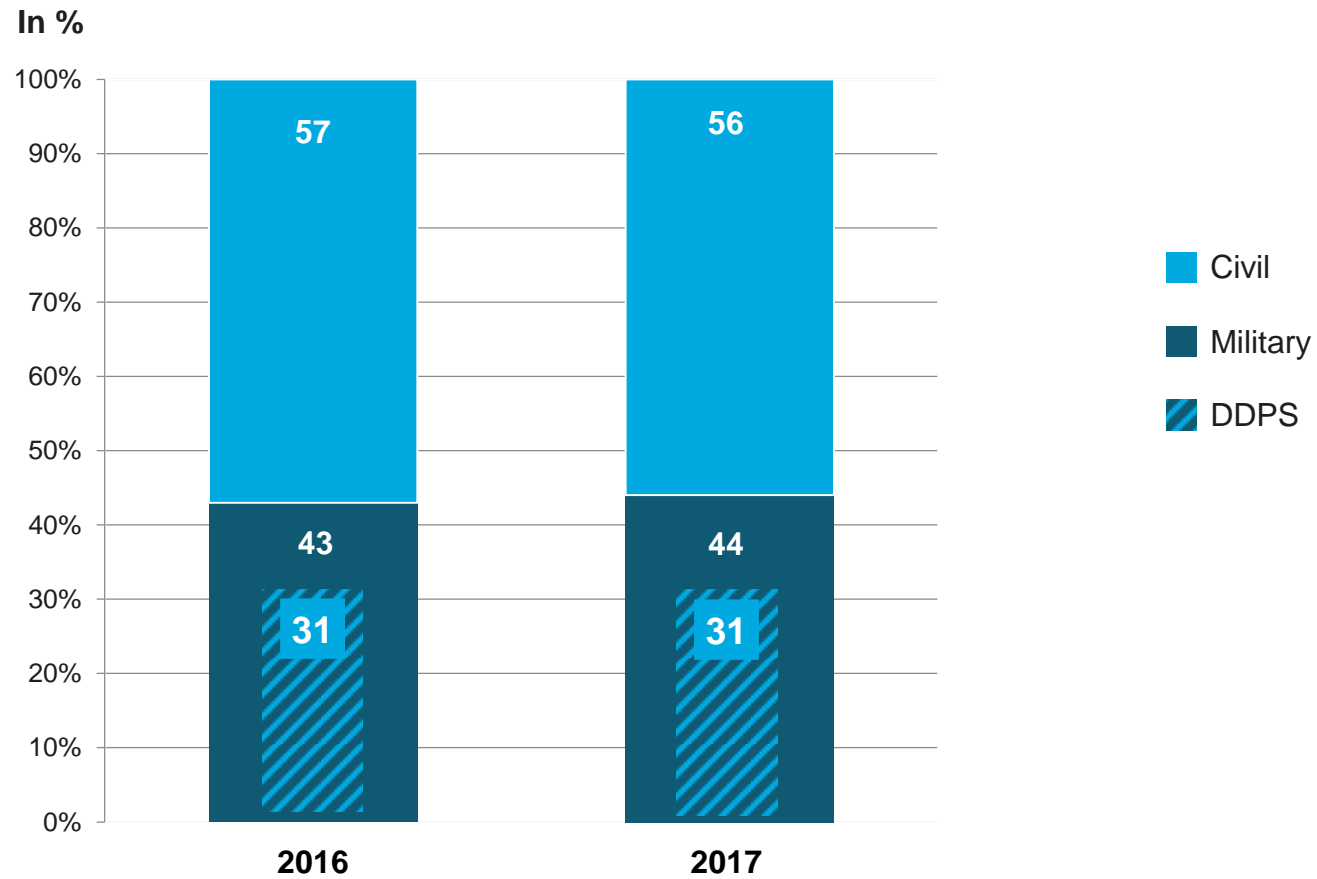


## Group

2016, net sales: CHF 1858 million  
2017, net sales: CHF 1955 million

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

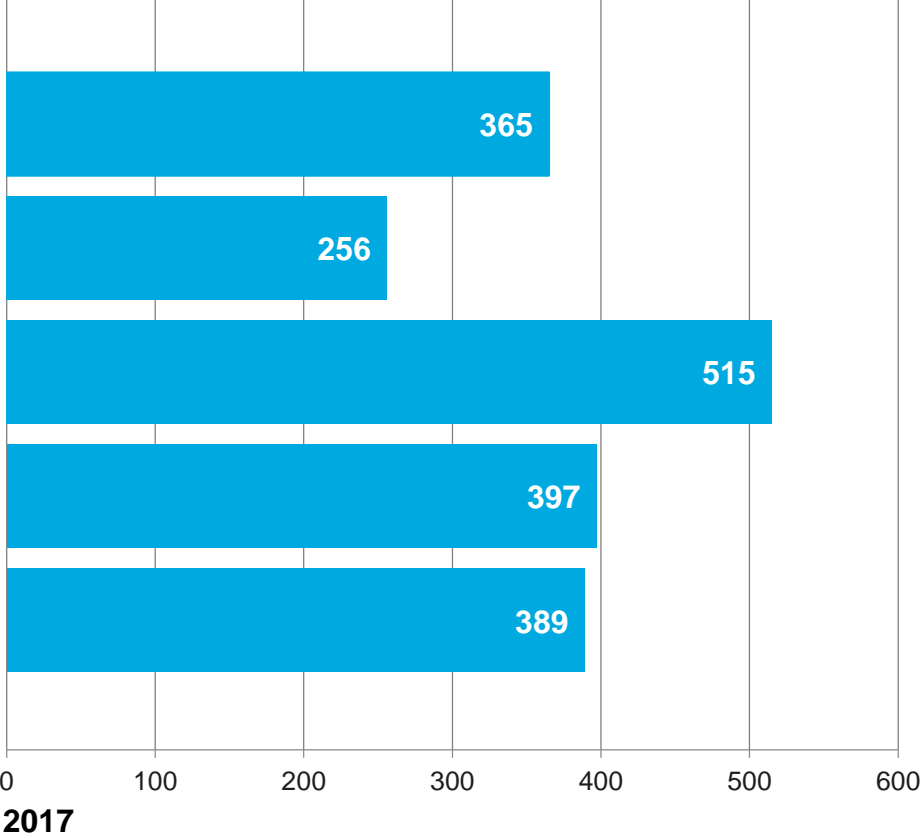
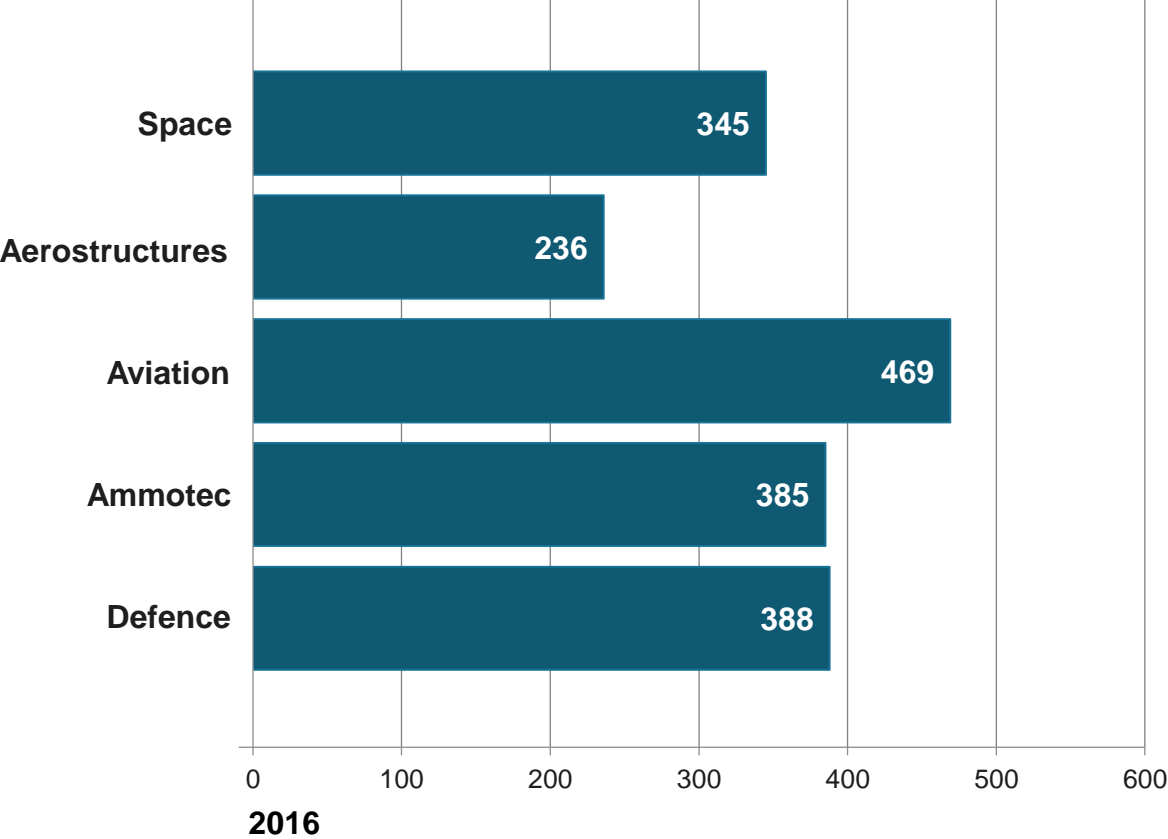
# Net sales by application



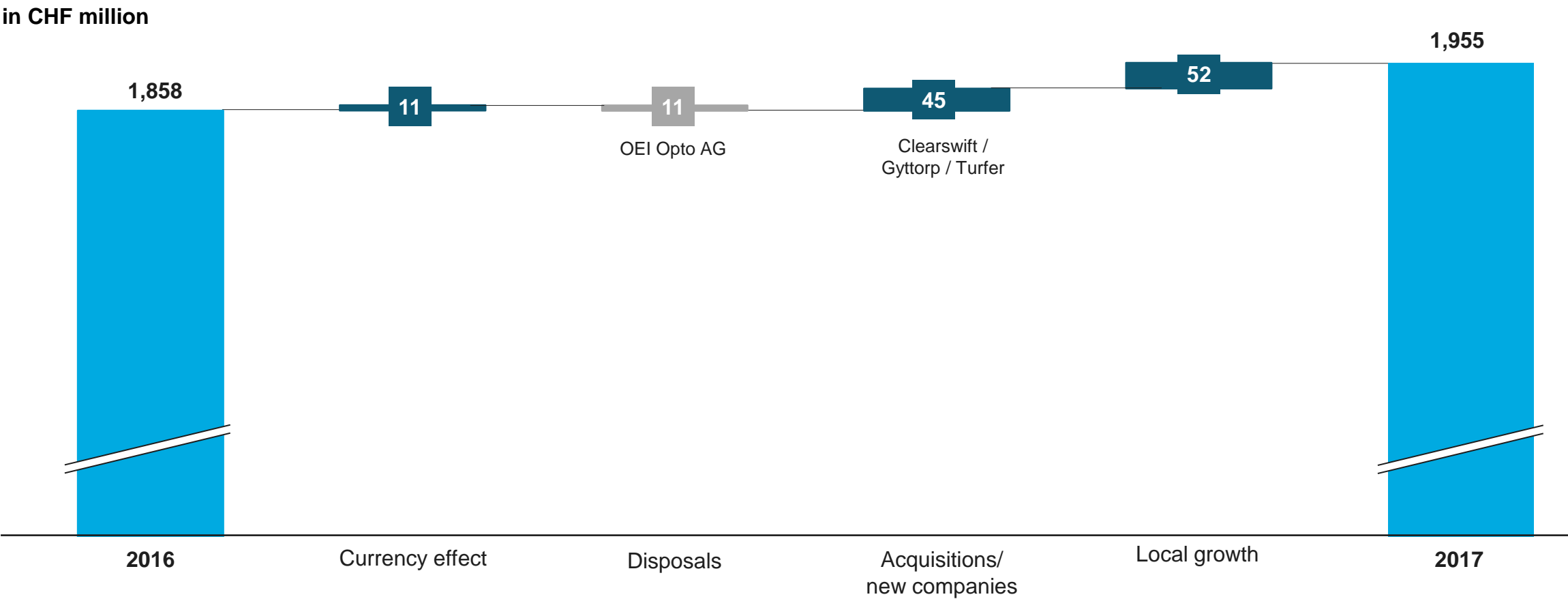


# Net sales by market segment

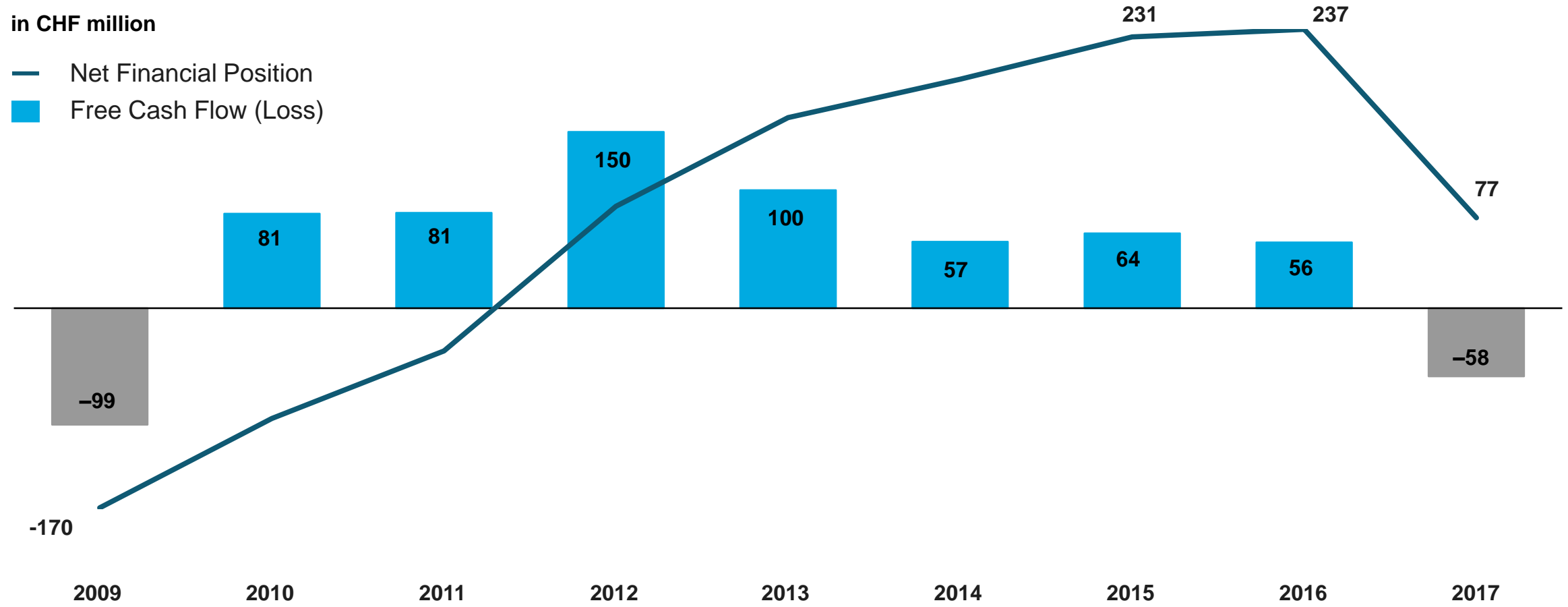
in CHF million



# Net sales 2016-2017

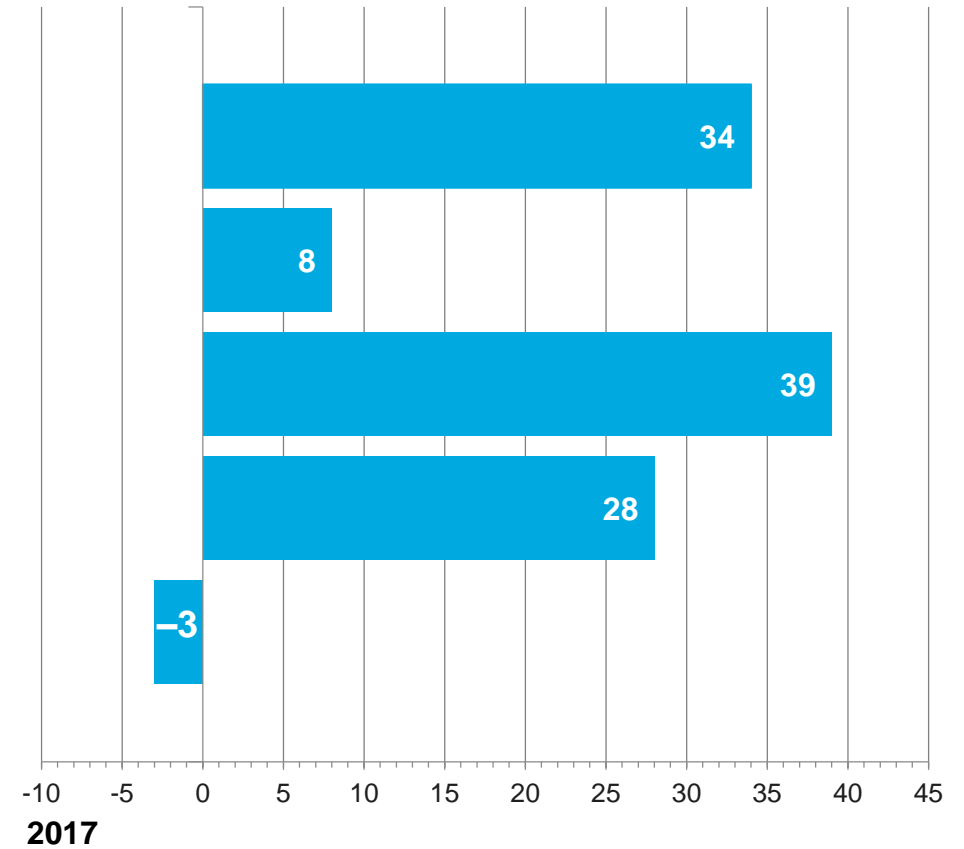
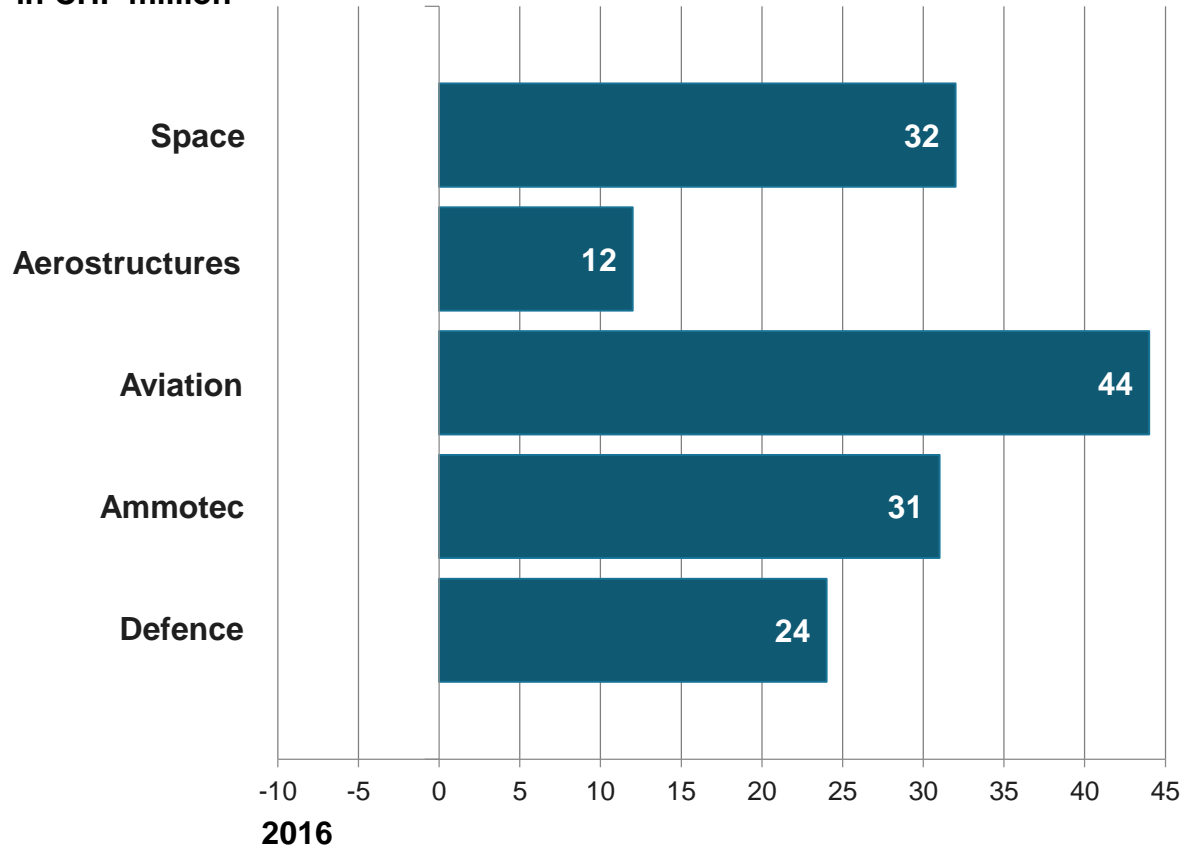


# Net financial position 2009-2017

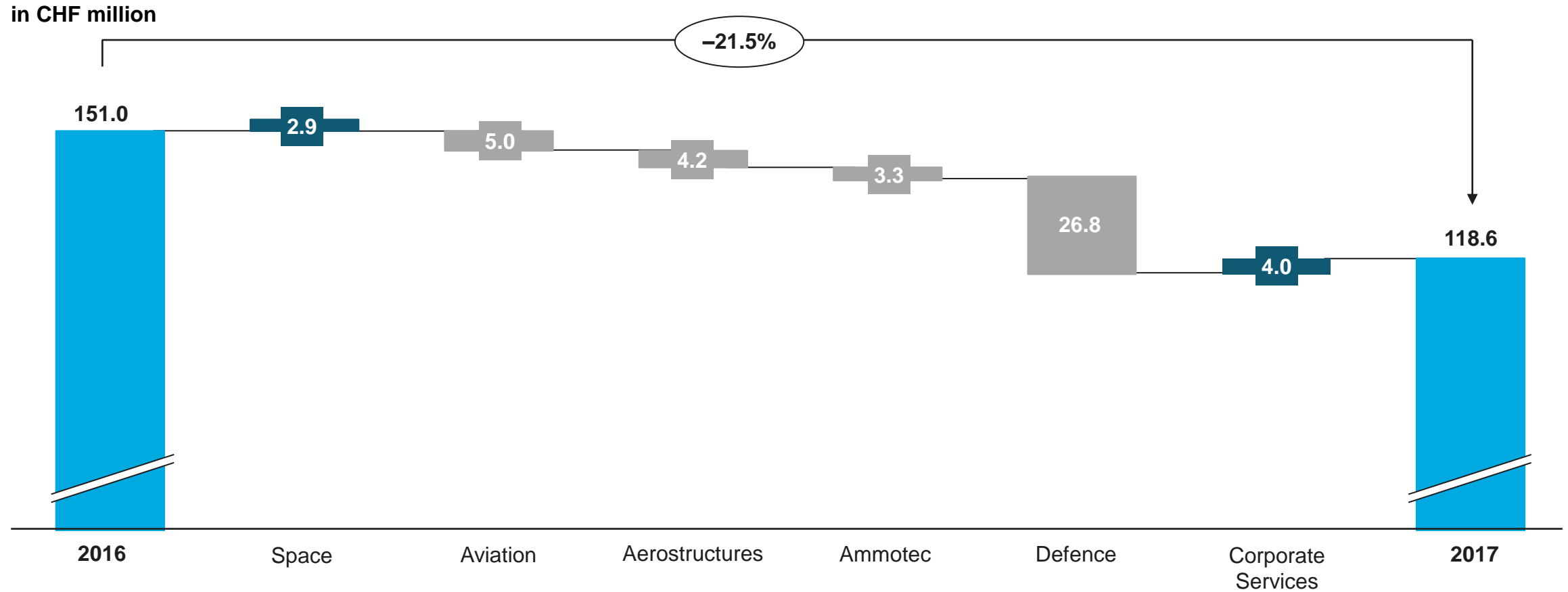


# EBIT in the divisions

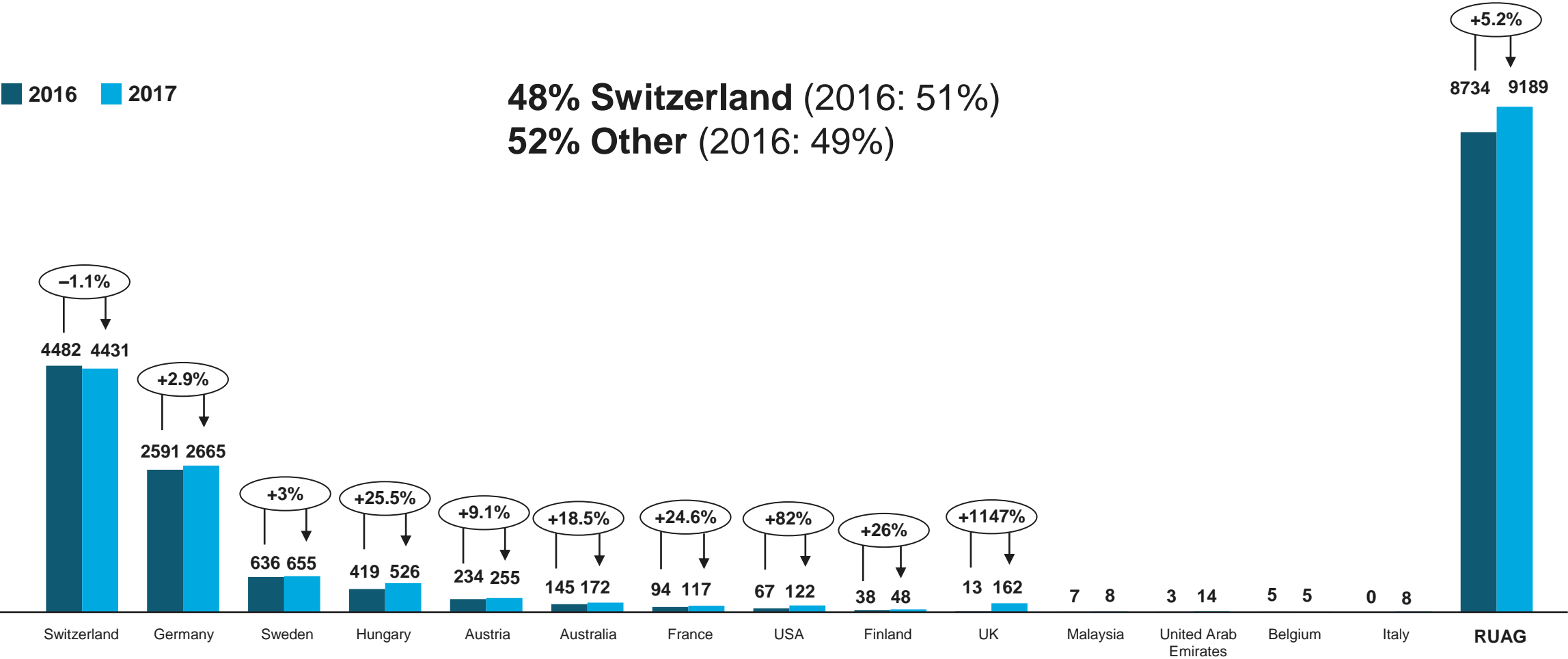
in CHF million



# EBIT – Change versus prior year



# In 2017 RUAG created about 450 new jobs





# 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 365 million
EBITDA:	CHF 46 million
EBIT:	CHF 34 million
R&D percentage:	65.2%
Employees:	1350
Based in:	Switzerland, Sweden, Austria, USA, Finland, Germany

## Customers/partners

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







# RUAG Aerostructures

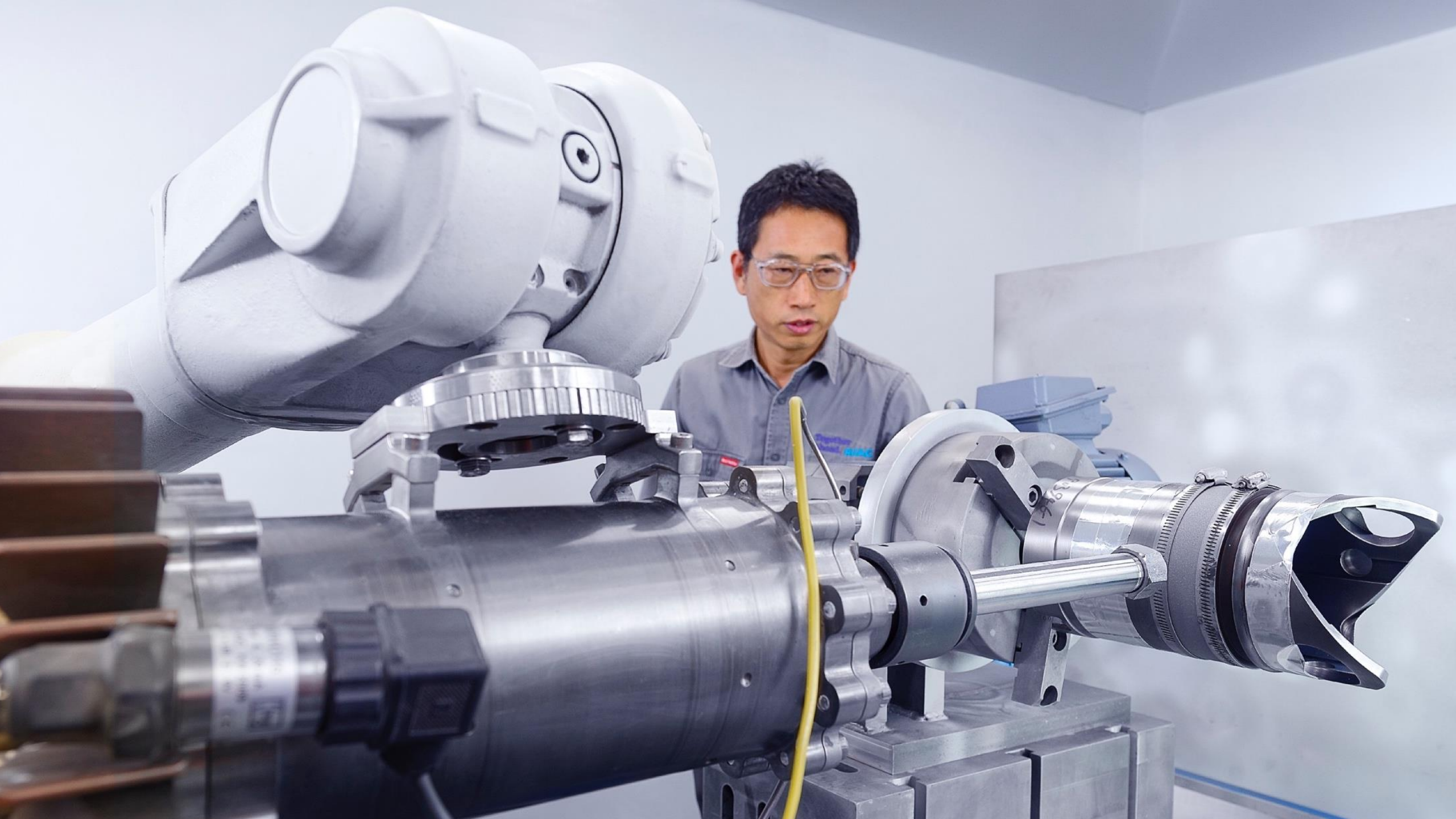
**RUAG Aerostructures is a global first-tier supplier in the aerostructure manufacturing segment for civil and military applications.**

## Facts and figures

Net sales:	CHF 256 million
EBITDA:	CHF 11 million
EBIT:	CHF 8 million
R&D percentage:	0%
Employees:	1251
Based in:	Switzerland, Germany, Hungary

## Customers/partners

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





# RUAG Aviation

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

## Facts and figures

Net sales:	CHF 515 million
EBITDA:	CHF 46 million
EBIT:	CHF 39 million
R&D percentage:	17.8%
Employees:	2296
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,  
Lockheed Martin, British  
Aerospace, Honeywell, United  
Technology, Rheinmetall Air  
Defence, Elbit





WASCHANLAGE 2  
BEIZEN-SPÜLEN-BEISEIFEN-TROCKNEN

INVERTER  
Airgenex

Beizen

Spülen 1



# 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 397 million
EBITDA:	CHF 43 million
EBIT:	CHF 28 million
R&D percentage:	4.4%
Employees:	2257
Based in:	Germany, Switzerland, Hungary, Sweden, France, USA, Austria, UK, Italy, Belgium, Finland, Brazil

## 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 389 million
EBITDA:	CHF 9 million
EBIT:	CHF –3 million
R&D percentage:	12.7 %
Employees:	1597
Based in:	Switzerland, Germany, France, UK, United Arab Emirates, Australia, USA, Japan

## Customers/partners

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

## Changes on the Board of Directors: Hans-Peter Schwald steps down after 16 years – Remo Lütolf is chairman-designate



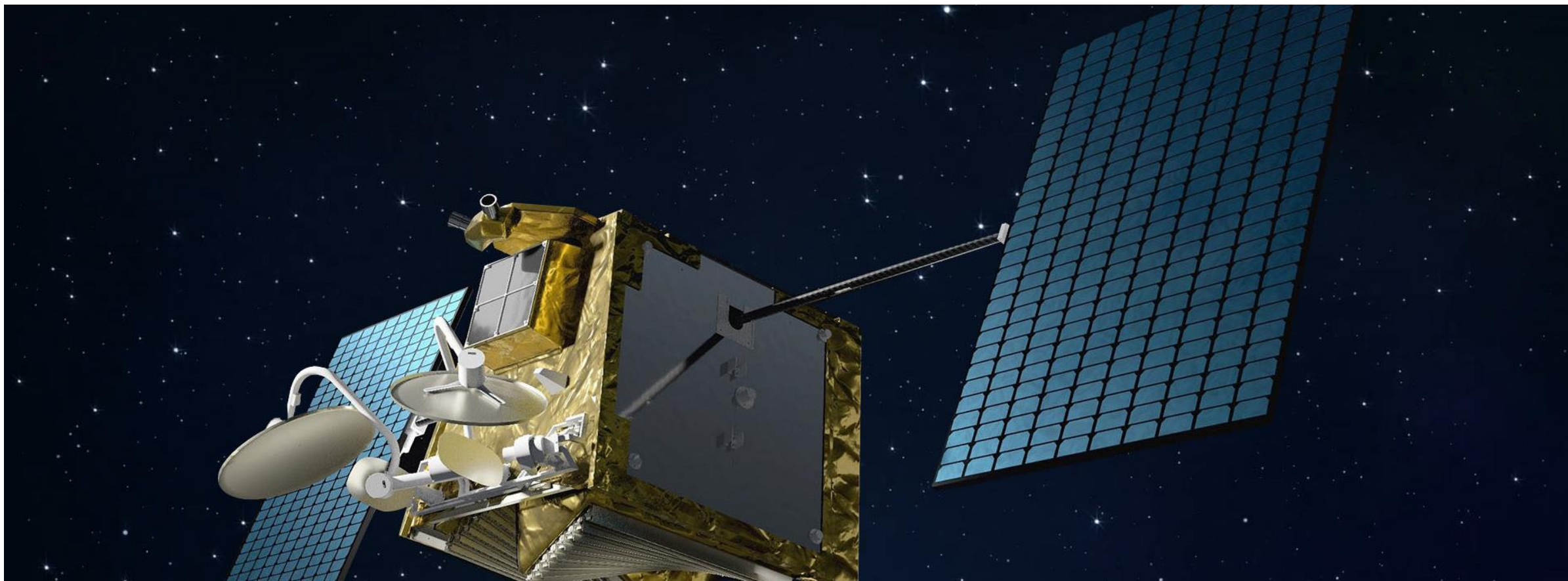
Hans-Peter Schwald



Dr. Remo Lütolf



# Outlook



# RUAG

Five divisions, 16 countries, 9189 employees, one success story

## Review

- In 2017 RUAG generated the highest sales in its history. However, isolated one-off events reduced profitability.
- The order backlog increased to a total of CHF 1,607 million (CHF 1,556 million).
- With a view to the Group's future, several major investments in the strategic growth areas of Space and Aerostructures were the main focus in 2017.

## Outlook

- The order backlog (CHF 1,607 million) and order intake (CHF 1,961 million) key figures indicate that there is a sound basis for the further development of the business.
- The prospects for the three strategic growth pillars of Space, Aerostructures and Cyber Security look promising.
- RUAG's top priority is the "RUAG Future Development" project.