

Media release on the 2015 financial statements

RUAG increases profits despite difficult year

Berne, 17 March 2016. Despite some extraordinary obstacles such as the appreciation of the Swiss franc and export embargoes, RUAG increased its earnings before interest and taxes (EBIT) substantially in 2015, bringing the total to CHF 137 million (previous year: CHF 113 million). All five divisions operated profitably and contributed to the positive Group result. Owing to the strong Swiss franc, the international technology group's sales decreased slightly to CHF 1,744 million (CHF 1,781 million). In local currencies, sales growth of 2.5% was achieved. Civil business accounted for 55% of net sales, while the foreign component of sales came to 62%.

In 2015 RUAG succeeded in largely offsetting the effects of the Swiss franc appreciation and the moratorium on arms exports to the majority of Middle Eastern countries. At CHF 117 million, RUAG generated the highest net profit in its history. Earnings before interest and taxes (EBIT) were increased substantially from CHF 113 million to CHF 137 million even though net sales declined to CHF 1,744 million (CHF 1,781 million). The CHF 37 million decrease in sales was due primarily to foreign exchange factors in the international business. Factoring these out, sales would have increased from the previous year. In local currency terms, sales grew by 2.5%.

As of the 2015 reporting year, the RUAG consolidated financial statements are prepared in accordance with the Swiss GAAP FER accounting standards (instead of IFRS). The year-back figures have been adjusted accordingly. Under IFRS, the net profit figure for 2014 was CHF 102 million; the new figure under Swiss GAAP FER is CHF 84 million.

At the Annual Press Conference, Group CEO Urs Breitmeier had the following to say about the strong result: "RUAG has initiated a swift response to the extraordinary events of 2015: we have opened up new markets, optimized our purchasing and scrutinized our costs at every level. Furthermore, we have launched a number of Group-wide programmes to enhance our productivity." RUAG had already initiated a Group-wide optimization programme in 2014; this was accelerated after the appreciation of the Swiss franc in January 2015.

Mr. Breitmeier added: "Another important point was that around 1,000 employees working in export-focused areas in Switzerland worked extra hours without pay. After all, RUAG exports goods and services out of Switzerland worth over CHF 400 million. This extra effort is something we appreciate hugely. At the end of 2015 RUAG paid a bonus to all these employees as a token of its appreciation."

The proportion of defence-related business rose slightly from 43% to 45% of net sales. The Federal Department of Defence, Civil Protection and Sport (DDPS) remains RUAG's largest and most important single customer; its share of sales rose in 2015 from 30% to 32%. These year-on-year changes were mainly due to the strength of the Swiss franc.

Cash flow from operating activities came to CHF 145 million in 2015 (CHF 135 million). Free cash flow increased to a respectable CHF 64 million (CHF 57 million). Both order intake, at CHF 1,828 million (CHF 1,785 million), and the order backlog, at CHF 1,378 million (CHF 1,370 million), posted gains compared with the previous year, allowing the Group to go into 2016 with a confident outlook.

Outlays for research and development rose to a total of CHF 146 million (CHF 140 million). This corresponds to the target figure of around 8% of total sales. The Group's total headcount increased slightly to 8,163 as at 31 December 2015 (8,114).

Key events in 2015

- 7 January: RUAG acquires Glaser Handels AG, Winterthur, the leading wholesaler in the Swiss market for hunting and sports guns, ammunition and accessories.
- 24 February: RUAG's aircraft maintenance subsidiary in Australia, "Rosebank Engineering Australia", starts to operate under the new name of "RUAG Australia Pty Ltd".
- 12 March: The 120mm RUAG COBRA mortar system is successfully launched. The DDPS subsequently orders an initial prototype.
- 17 April: RUAG is one of the seven most popular companies among Switzerland's future engineers. Compared to last year, RUAG has gone up two places.
- 19 June: RUAG celebrates an anniversary with the 250th lift-off of a launch vehicle with a RUAG payload fairing from Switzerland.
- 3 August: US launch vehicle manufacturer United Launch Alliance (ULA) and RUAG enter into a strategic partnership. As part of this partnership, RUAG will be setting up a production facility at ULA's premises in Decatur, Alabama.
- 16 October: In the presence of Federal Councillor Johann Schneider-Amman, RUAG holds its third vocational training conference for political and business decision-makers.
- 26 November: RUAG receives a major order worth over CHF 80 million from Swedish defence and security company SAAB for the series production of the payload mountings for the Gripen E/F fighter aircraft.

Overview of key figures

in CHF million	2015	2014	Change in %
Net sales	1 744	1 781	-2.1 %
Operating income	1 758	1 759	-0.1 %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	217	192	12.9 %
Earnings before interest and taxes (EBIT)	137	113	20.6 %
Net profit ¹	117	84	38.8 %
Cash flow from operating activities	145	135	7.0 %
Free cash flow	64	57	12.6 %
Net financial position	231	195	18.5 %
Order inflow	1 828	1 785	2.4 %
Order backlog	1 378	1 370	0.6 %
Research and development expenses	146	140	4.3 %
Employees as at 31 December incl. apprentices	8 163	8 114	0.6 %

¹ As of the 2015 reporting year, the consolidated financial statements are prepared in accordance with the Swiss GAAP FER accounting standards. Net profit for 2014 was CHF 102 million according to IFRS and is now restated at CHF 84 million according to Swiss GAAP FER.

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RUAG develops and markets internationally sought-after technology applications in the fields of aerospace and defence for use on land, in the air and in space. 55% of RUAG's products and services are destined for the civil market and 45% for the military market. The Group is headquartered in Berne, Switzerland. It has production sites in Switzerland, Germany, Austria, France, Sweden, Finland, Hungary, Australia and the USA. Around 8,200 employees – of whom 410 are trainees – generate sales of some CHF 1.75 billion.