

Press release on the 2020 half-year results

Unbundling successfully completed. COVID-19 significantly weakens revenues and EBIT in the first half of the year

Zurich, 28.08.2020. RUAG International reported negative EBIT and declining sales in the first half of 2020, due in particular to the COVID-19 pandemic. Net sales decreased by 10.9 % to CHF 570 million (previous year's period: CHF 640 million). EBIT fell to CHF -42 million (CHF -11 million). While business units operating in the aviation industry are especially affected by the effects of the corona crisis, the Ammotec business unit is showing rising sales and EBIT figures. RUAG International became an independent company at the beginning of 2020. The unbundling has been successfully completed.

The decline in net sales by CHF 70 million to CHF 570 million is attributable to foreign currency effects, lost sales due to divestitures, and also organic sales declines. In particular, the two aviation-related business units Aerostructures and MRO International (aircraft maintenance) have clearly felt the effects of the COVID-19 pandemic. Deliveries of fuselage sections for the A320 decreased by approximately 30 %, and aircraft maintenance workloads were also significantly reduced. The Space and Ammotec business units were less affected by the pandemic and increased their sales compared with the corresponding previous year's period. It is also particularly noteworthy that the latter units were able to increase their sales in the increasingly important American market by a total of CHF 23 million to CHF 83 million (CHF 65 million), almost in equal parts.

At CHF -42 million, earnings before interest and taxes (EBIT) decreased by CHF 31 million compared with the corresponding previous year's period. Except for Ammotec, all divisions reported a lower EBIT compared with the same period of the previous year. In addition to the negative effects of COVID-19, the ongoing transformation costs for the realignment also burdened the operating result. In response to the effects of the COVID-19 pandemic, the company implemented various measures in the first half of the year: In addition to the implementation of rigorous cost-cutting measures, the introduction of short-time work for around 1,700 employees mainly in Switzerland and Germany and a hiring freeze, the company has launched a cash protection programme, to improve and protect the liquidity of the Group.

Urs Kiener, CEO ad interim of RUAG International, comments on the half-year results: "The effects of the COVID-19 pandemic were particularly noticeable for us in the aviation unit – and are with us for some time to come. We will therefore have to accelerate the transformation we have begun in the second half of the year and initiate broad changes to ensure future viability".

RUAG International has been operating as an independent company since the beginning of 2020 and is set to be developed and gradually privatised in the next few years. With the splitting of the

balance sheet, which the Federal Council took note of on 22 April, unbundling was materially completed by mid-2020. RUAG International's share of sales to the DDPS (Department of Defence, Civil Protection and Sports) was 14 % in the first half of the year and includes, in particular, services from the Ammotec and MRO International business units. RUAG International generated 83 % of its net sales abroad in the first half of the year. At the end of June 2020, the company employed 6,451 people (6,626) at 50 locations worldwide.

Free cash flow increased by 35.3 % to CHF -108 million in the first half of 2020 (previous year CHF -167 million). This development reflects the strong capital commitment at Ammotec at the beginning of each year due to the pre-production of hunting ammunition in the first half of the year with subsequent sales, as well as generally higher deliveries to armies and government agencies towards the end of the year. Compared with 30 June 2019, the net financial position increased from CHF -104 million to CHF 50 million, an increase of 148.1 %.

Owing in particular to the negative impact of the COVID-19 pandemic, RUAG International expects sales in the Aerostructures and MRO International business units for financial year 2020 to be lower than in the previous year, and still anticipates a negative operating result (EBIT). For the Ammotec unit, the company expects the positive development to continue into the second half of the year.

Important events in the first half of 2020

(Announcements can be viewed at www.ruag.com/news).

- 24.06.2020: At its Oberpfaffenhofen site, RUAG International receives approval for the maintenance and servicing of the Bombardier Global 7500 ultra long-range jet.
- 17.06.2020: With the renaming of RUAG Holding Ltd as RUAG International Holding Ltd and the splitting of the balance sheet, which the Federal Council took note of on 22 April, the unbundling is materially completed by mid-2020.
- 29.05.2020: RUAG International ranked ninth in the Universum survey and is once again one of the most popular employers for prospective engineers in Switzerland.
- 27.05.2020: RUAG Simulation & Training (part of the MRO International division) wins the tender to supply 13 new firing simulators to the Danish armed forces.
- 08.05.2020: In the fight against the coronavirus, RUAG Ammotec donates 200 litres of self-produced surface disinfectant and 1,000 certified FFP2 masks to the city of Fürth.
- 04.03.2020: RUAG Space celebrates the 700th satellite separation at its Linköping (SE) site, where RUAG Space manufactures systems that separate satellites from the launcher.
- 27.02.2020: RUAG Aerostructures realigns itself in Emmen. In Switzerland, the business unit now focuses on complex technologies and surface treatments.

Key figures at a glance ¹ □ in CHF million	1st half of 2020	1st half of 2019	Change in %
Net sales	570	640	-10.9%
EBITDA	-19	15	-226.6%
EBIT	-42	-11	-281.8%
Net profit	-48	-19	-152.6%
Operating cash flow	-76	-141	46.1%
Free cash flow	-108	-167	35.3%
Net financial position	50	-104	148.1%
Order intake	389	428	-9.1%
Order backlog	984	1,191	-17.4%
Research and development expenses	38	40	-5.0%
Number of employees as at 30.06 ²	6,451	6,626	-2.6%

¹ To ensure comparability, the previous year's figures were adjusted to the organisational structure of RUAG International Holding Ltd as of 01.01.2020. The group companies of RUAG MRO Holding Ltd are thus no longer included in the comparative figures.

² Employees, apprentices and temporary staff

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RUAG International is a Swiss technology group focusing on the aerospace industry. Based in Bern (Switzerland) and with production sites in 14 countries, the company is divided into four units: Space, Aerostructures, MRO International and Ammotec. With its strategic focus on aerospace, the company will consist of both the Aerostructures and Space business units in the medium term. RUAG Space is Europe's leading supplier of products used in the aerospace industry. RUAG Aerostructures is a global first-tier supplier in aircraft structure construction. RUAG International employs around 6,500 people, two thirds of whom work outside Switzerland. www.ruag.com