

Press release

RUAG International reacts to Covid-19 consequences

Zurich, 12 October 2020: The effects of the Corona pandemic are forcing RUAG International to accelerate and expand the transformation it has begun following unbundling, in order to ensure the company's future viability. A rigorous austerity course and a reduction in the workforce, especially in support functions, are unavoidable.

More than 30% less sales in aircraft structures and a significant drop in EBIT - that is the balance sheet for RUAG International after seven months of the corona pandemic. The business areas concerning aircraft structures (Aerostructures) and Business Jets maintenance (MRO International) are particularly hard hit. Aerostructures is losing around three million Swiss francs per month. A bright spot is the 5% increase in order intake compared to the previous year; adjusted for divestments in 2019, the increase is even 10%.

Far-reaching transformation

In the short term, RUAG International was able to cushion the effects of the crisis with instruments such as short-time working for up to 1700 employees in Europe, reducing outstanding overtime and holidays, a hiring freeze and a rigid austerity program. Urs Kiener, CEO a.i. says: "The pre-crisis level in air travel is unlikely to be reached again until 2024/25 at the earliest. In view of this gloomy forecast, we must now initiate a far-reaching transformation to ensure our sustainability in the long term".

The Corona crisis hit RUAG International in the middle of a period of upheaval following unbundling. In view of the massive financial impact, RUAG International has now cut back on resource-intensive projects such as rebranding, the standardization of global processes and major IT projects. Major initiatives in the business segments, which are designed to promote growth while protecting liquidity, are being continued centrally in a comprehensive transformation programme. RUAG International is continuing the planned divestment course for the business unit MRO International and the division Ammotec.

Leaner support organisation

The transformation also focuses on the global support functions with their 450 full-time positions in IT, Finance, HR, Legal, Compliance & Governance and Procurement. As a result of the high extraordinary expenses for unbundling, it was decided as early as mid-2019 to adapt the support functions to the new size of RUAG International and to press ahead with key harmonisation and standardisation projects such as IT outsourcing. Due to the high cost pressure caused by the Corona crisis, the planned savings must be expanded and accelerated. RUAG International is therefore initiating an open consultation process with employee representatives to find solutions together. RUAG expects to reduce the number of jobs in its support functions by up to 150 by the end of 2021. RUAG International is seeking fair and socially responsible solutions for all employees and will use the instruments available in the countries concerned. In Switzerland, the country most severely affected, a social plan is planned.

Air travel will not return to pre-crisis levels until 2025

RUAG International remains cautious about looking ahead. At this point in time, the company expects it will take several years before the aviation-related segments return to similar pre-crisis capacity utilisation levels. For the end of 2021, RUAG International therefore expects the overall headcount to be lower than in the previous year. Through long-term planning, RUAG International intends to manage the reduction as far as possible through natural fluctuation, retirements and active vacancy management in order to keep the number of jobs that would have to be cut as low as possible.

This press release can be found here: <https://www.ruag.com/news>

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RUAG International is a Swiss technology group with a focus on aerospace. With production sites in 14 countries, the company is divided into the four business units Space, Aerostructures, MRO International and Ammotec. With its strategic focus on the Aerospace business unit, the company will in the medium term consist of the two business units Aerostructures and Space. RUAG Space is the leading European supplier of products for the space industry. RUAG Aerostructures is a global first-tier supplier in aerostructures. RUAG International employs around 6,000 people, around two thirds of whom work abroad. www.ruag.com