

Media release on the RUAG International 2023 annual financial statements

RUAG International is successfully driving its privatization and focusing on the fast growing space market

Zurich 20.03.2024. **In 2023, RUAG International transformed itself into a space market-focused international supplier by selling its aerostructures business. The financial year was characterized by an inflationary market environment and strained supply chains. At the same time, investments were made in the expansion of production and the digital future of the space business. Adjusted for divestment and foreign currency effects, sales increased by CHF 62 million compared to the previous year. Reported earnings before interest and taxes (EBIT) amounted to CHF 28.**

RUAG International has reached another important milestone with the successful completion of the privatization of the aerostructures business. With this strategic step, the company will concentrate fully on the rapidly growing space market. André Wall, CEO of RUAG International, credits the success of the privatization in particular to the employees: "Their commitment, loyalty and excellent work have enabled us to get through this phase smoothly and to find sustainable follow-up solutions for our employees and customers. I would like to thank each and every one of them for their contribution."

Due to substantial company divestments in 2023 and 2022 (including RUAG Ammotec), the key figures can only be compared to a limited extent. However, they reflect the continuous progress of the divestment strategy adopted jointly with the owner, the Swiss Confederation. The number of employees fell accordingly from 2,963 to 1,989 worldwide. Net sales, 96% of which came from civil activities, fell to CHF 620 million (previous year CHF 945 million) and EBIT to CHF 28 million (CHF 178 million). Adjusted for divestment and foreign currency effects, sales increased by CHF 62 million compared to the previous year.

Space business on a growth track

The Space segment (Beyond Gravity), with around 1,600 employees, increased sales by 8 per cent to CHF 383 million (previous year: CHF 356 million). Despite massive investments in the expansion of production and digital infrastructure, EBIT recovered from CHF -5 million to a black zero (CHF 0 million), thus laying the foundation for profitable growth. At CHF 408 million (CHF 439 million) and CHF 729 million (CHF 744 million) respectively, order intake and order backlog remain at a very high level. André Wall concludes: "Beyond Gravity can proudly point to full order books. This underlines the company's strong position as a key player in the global space market."

Aerostructures business successfully sold

With the sale of the entire Aerostructures segment, RUAG International has reached an important milestone: all shares and around 1,000 employees of RUAG Aerostructures Germany & Hungary have been transferred to the German family-owned company Mubea, while Pilatus Aircraft Ltd has taken over all machines and 230 employees of RUAG Aerostructures Switzerland. RUAG Aerostructures Switzerland AG will continue to exist as a company for the time being and will finalize existing customer commitments with non-Pilatus customers. Another divestment related to the sale

of the company site in Zurich-Seebach to the City of Zurich, with RUAG International leasing the site back until at least 2030.

In the Aerostructures segment, which employed a good 1,300 people, sales increased to CHF 240 million in 2023 (previous year: CHF 235 million). However, EBIT fell significantly from CHF 43 million to CHF -17 million. The result suffered from delays in international supply chains, changing customer requirements and production volumes as well as extraordinary expenses in connection with the divestment projects. The reversal of provisions and value adjustments in 2022 must also be taken into account.

Transforming into a genuine space company

André Wall, CEO RUAG International, looks back on another successful and eventful financial year: "With the further completion of the privatization, we continue our course towards a promising future and look forward to reaching the next milestones in space research and development. The focus is now on exploiting the opportunities in the expanding space market. I see us as pioneers in innovative technologies and services. Our aim is to push the boundaries of what is possible and realize pioneering projects in space together with our customers. I am confident that this strategic realignment and our investments in modern production facilities and development processes will help to drive growth in the space market even faster while ensuring the success and sustainability of the company."

Expanding the production sites in the USA and Sweden

Following the major order from Amazon in 2021 for the production of satellite dispensers and launch vehicle structures for the Kuiper satellite project, the production sites in Linköping (Sweden) and Decatur (USA) are being massively expanded and modernized. In Linköping, the company will rely on automated manufacturing processes ("Automated Fibre Placement" technology) in the new production building. In Decatur, where payload fairings for the Vulcan Centaur launch vehicle are manufactured, a new facility with an annual production capacity of 25 payload fairings (50 half-shells) is being built. This corresponds to twice the capacity of the current plant. The opening of both plants is already planned for 2024.

Investing in the digital future

RUAG International invested heavily in the digital transformation of the Space division during the reporting period. The "EZYone" project aims to build a strong digital core for Beyond Gravity, harmonize processes, create a solid database, and implement a uniform system landscape. These measures will enable smooth collaboration across different locations, promote faster innovation cycles, reduce administrative costs, and lay the foundations for the increased use of artificial intelligence, augmented reality and other forward-looking technologies.

Outlook

Strong growth in both the institutional and private space market is expected to continue in the coming years. With the ramp-up of the new production capacities in Decatur and Linköping and the gradual rollout of "EZYone" from 2024, Beyond Gravity will have a powerful basis for profitably capitalizing on the expected growth in the industry. Even in view of the privatization of Beyond Gravity by the end of 2025 at the latest, RUAG International's focus remains on systematically continuing the transformation of all business areas into digitally networked and economically viable units.

The key figures at a glance in CHF million	2023	2022	in %
Net sales	620	945	-34.4%
EBITDA	32	199	-84.1%
EBIT	28	178	-84.2%
Net profit	1	154	-99.7%
Cash flow from operating activities	-24	-64	63.0%
Free cash flow	89	472	-81.2%
Net financial position	457	570	-19.8%
Incoming orders	651	1'043	-37.6%
Order backlog	770	1'013	-24.0%
Research and development expenses (self-financed)	11	18	-40.1%
Headcount (FTE) as at 31.12.	1'989	2'963	-32.9%

Further information on the **2023 annual financial statements** can be found at <http://annualreport.ruag.com>
Information on RUAG International at www.ruag.com Information on Beyond Gravity at
www.beyondgravity.com.

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RUAG International is a Swiss technology group with a focus on aerospace. The company with sites in seven countries is divided into a Space and Aerostructures divisions. www.ruag.com