

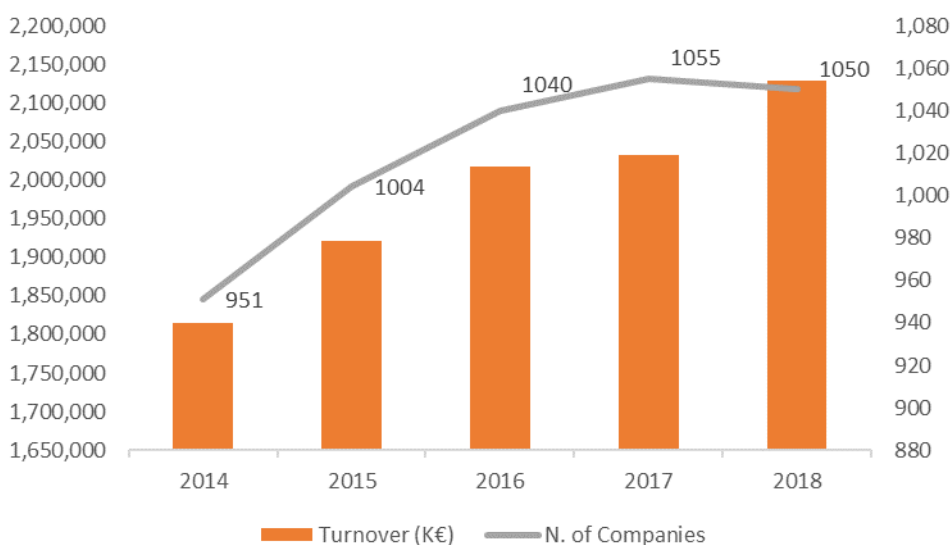
Study on economic importance of SMEs in the space industry in ESA member states: the first findings are available

SMES PLAY AN IMPORTANT ROLE IN THE DEVELOPMENT OF A SUSTAINABLE EUROPEAN SPACE INDUSTRY.

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It is widely accepted that SMEs play an important role in the development of a sustainable European space industry. This is underlined by several stakeholders within the industry and by public authorities at national and international level. But when these stakeholders are developing a policy to support the crucial role of SMEs one element is still lacking: what do the SMEs actually represent?

What is their importance within the overall space sector? The investigation is based on the analysis of annual financial data from 2014 to 2018 of SME having worked with ESA in the years 2015 to 2019, i.e. 1069 firms in total.



SME4SPACE, the representative European organisation of SMEs in the space industry, wants to provide an answer to this need with objectively verifiable figures. With the support of the SME Office of ESA we ordered an academic study from the KU Leuven, Belgium. A team consisting of Professors Simon Dekeyser, Peter Teirlinck and Marleen Willekens of the Faculty of Economics and Business accepted this task and the first results are now available.

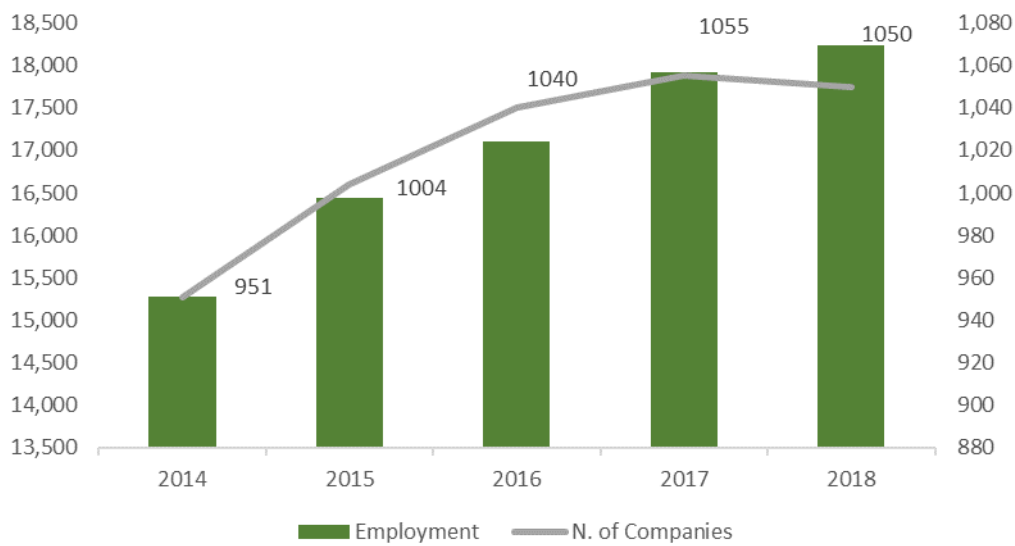
TURNOVER

The more than 1000 companies achieved in 2018 a total turn-over of app. 2 billion €. We saw this figure increasing since 2014 but at a rather modest rate of 17,3 %.

EMPLOYMENT

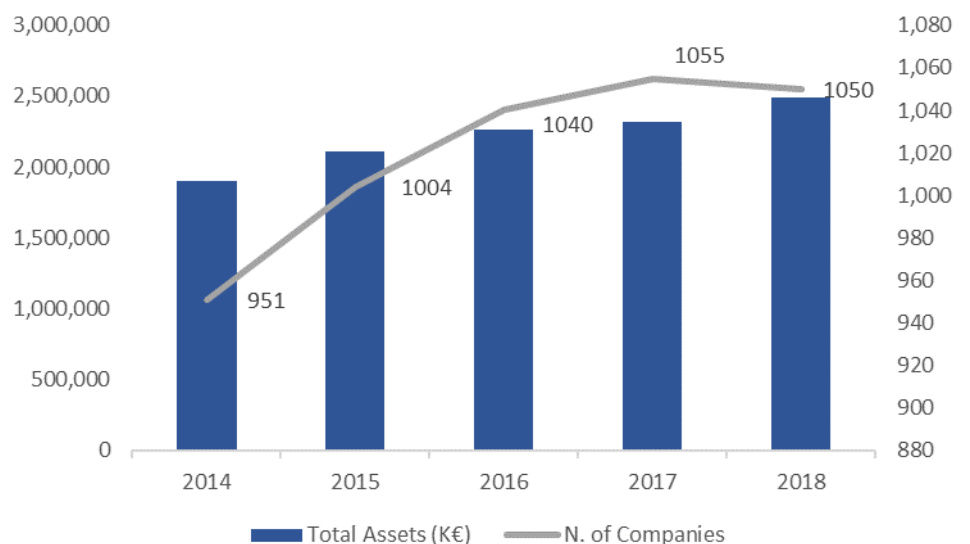
The workforce of these companies represents a considerable number of employees:

It is thereby interesting to note that (2018 figures) no less than 507 companies are micro-companies.



The space industry is a highly capital-intensive industry. Companies have to invest heavily in order to be able to compete successfully in the space market. The Total Asset figures corroborate this long-standing claim:

The total assets exceed the yearly turn-over figures.



	2014		2015		2016		2017		2018	
	median	N	median	N	median	N	median	N	median	N
Liquidity										
Total	1.774	673	1.740	721	1.779	748	1.884	769	1.828	758
Solvency										
Total	60.50%	722	60.60%	768	59.50%	800	58.70%	812	58.00%	805
ROA										
micro	3.90%	265	4.10%	277	3.20%	283	3.40%	271	2.90%	262
small	3.80%	174	3.30%	187	4.50%	200	4.70%	214	3.50%	213
medium	3.60%	69	4.30%	72	4.50%	72	3.50%	73	4.20%	76
Total	3.80%	508	4.00%	536	3.50%	555	4.10%	558	3.20%	551

FINANCIAL

INDICATORS¹

We first checked the Liquidity (current assets / current liabilities). A ratio above 1 is generally considered to be sound. Based upon the median, we can conclude that liquidity within the sample of SMEs

¹ Based on SMEs that reported financial indicators in their national accounts.



examined for this ratio is generally sufficient. Solvency (current+ non-current liabilities) / total assets) can also be considered sufficient and the situation improved slightly over the years

Finally we have to conclude that return on assets (ROA= profit & loss before taxes / total assets) is weak.

NEXT STEPS

As indicated above we started with a database consisting (only) of companies having received a contract from ESA. This is an easily accessible source of information and allowed the university team to collect and process a complete set of economic figures and ratios. But in agreement with the SME office of ESA, SME4SPACE will continue to refine the results obtained so far.

The intended further steps of the study are therefore:

- The update of the time series (2015 – 2019)
- The broadening of the database by adding companies not yet listed that will be taken from the list of space SMEs participating in other public programmes (i.e. the EU Horizon 2020 projects) and from the database of SME4SPACE itself.

We are aware of the fact that the figures given are not purely linked to the space activities of the studied companies. They encompass the overall turn-over and workforce, including both space and non-space related activities. Whereas the split of these overall figures using a scientifically sound method will not be an easy task we do intend to have it done by our academic partner in the next phases of our collaboration.

But we believe that the figures already available are worth sharing. They give more than a mere indication of the economic importance of these SMEs but provide a clear insight in their financial strengths and weaknesses. This constitutes a unique effort and the academic seal of excellence ensures that the results are verifiable and useful for all stakeholders.

With the support of ESA SME Office



SME4SPACE is the representative Association of European (both ESA and European Union Member States) Space SMEs. SME4SPACE was officially launched as informal group on 19 June 2007 at the International Paris Air Show, Le Bourget, with the signature of a Memorandum of understanding with ESA. In 2011, SME4SPACE was incorporated as a non-for-profit organisation under the Belgian Law. SME4SPACE aims at creating a Space SMEs friendly environment, voicing Space SMEs' viewpoint, interests and needs and facilitating the access of SMEs to space activities. SME4SPACE gathers more than 600 Space SMEs in 25 European Countries with 19 Working Members and 26 Individual Company Members.

