

esa

SME4SPACE

KU LEUVEN

Introduction

Since 2021, **SME4SPACE**, the representative organisation of SMEs in Europe's space industry, in collaboration with **KU Leuven** and the **ESA SME Office**, has been examining the economic performance and financial health of SMEs in the European space sector, **focusing on more than 2000 firms**.

These firms include recipients of funding from the European Space Agency (ESA), and the European Commission (only Framework Programme), as well as Members of SME4SPACE.

The analysis reveals performance insights into **SME employment**, **turnover**, **total assets** and financial indicators such as **liquidity**, **profitability** and **leverage**.

Annual overview of the economic importance and financial strength of SMEs in the European space industry

2025 edition

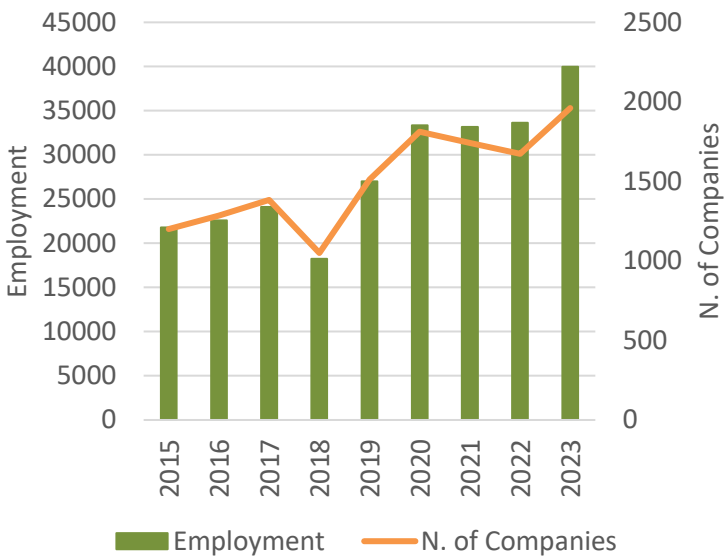
Scope of the Study

The purpose of the study is to provide a synthesis containing objective statistics and tables of aggregated and averaged **economic and financial data regarding European SMEs in the space sector**. The overarching goal is to enhance our understanding of the evolution, the current situation of these SMEs and their financial performance.

This **informational leaflet** presents key findings derived from the study, that shed light on crucial insights into the economic landscape of European SMEs in the space industry.

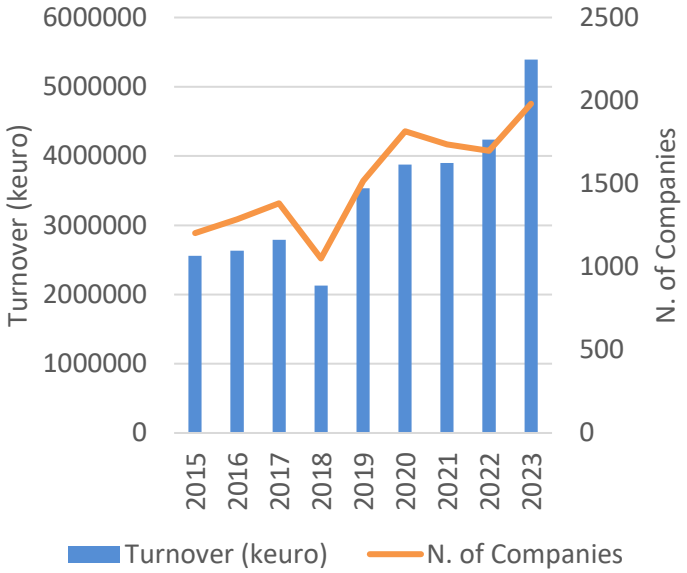
Key Findings: Employment, Turnover & Assets

Employment



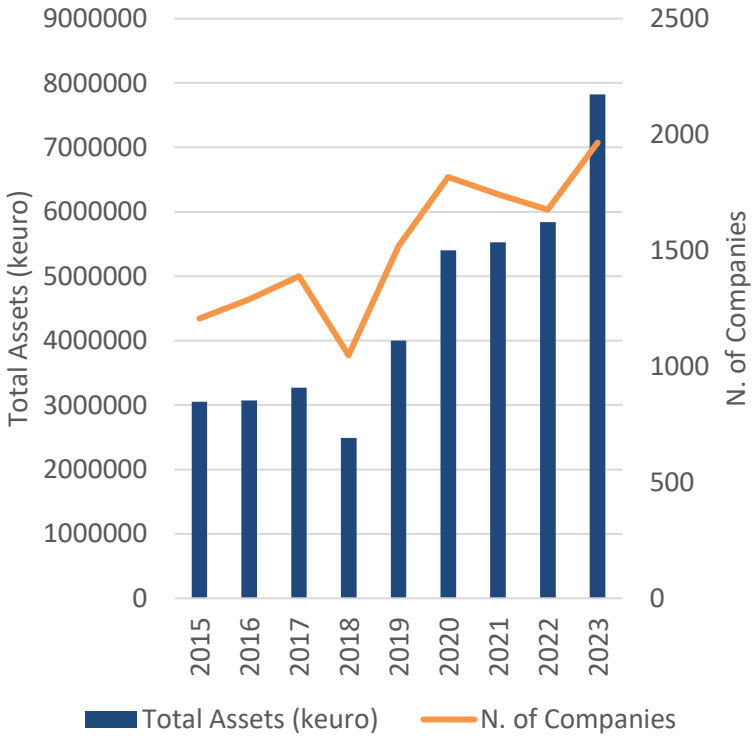
In 2023, SMEs involved in space activities collectively employed **39,972 full-time equivalent (FTE) employees**.

Turnover



The 2,085 SMEs realised a total turnover of more than **5.4 billion euro** in 2023.

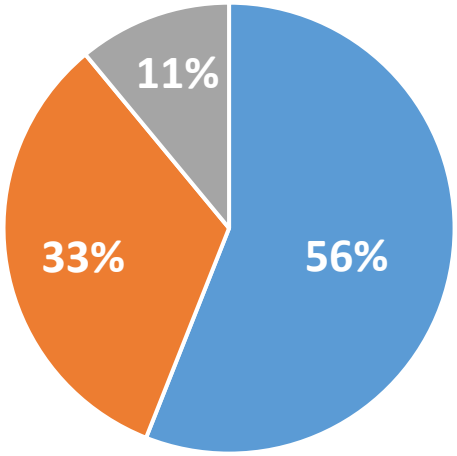
Total assets



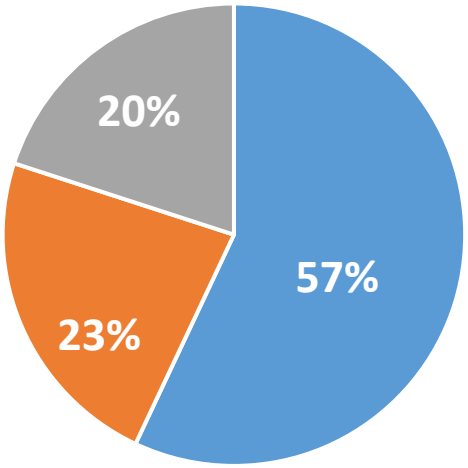
The **space industry is highly capital-intensive** and companies have to invest heavily to compete successfully in the space markets. The invested amount in **in total assets in the year 2023 is close to 7.8 billion euro**, whereas the ratio of turnover to assets, measuring how much turnover a euro investment in assets (regardless of who is financing the assets, i.e. equity or debtholders) generates on a yearly basis, for the average (and medium) company is lower than 1.

Space and Non-space activities

Turnover



Employment



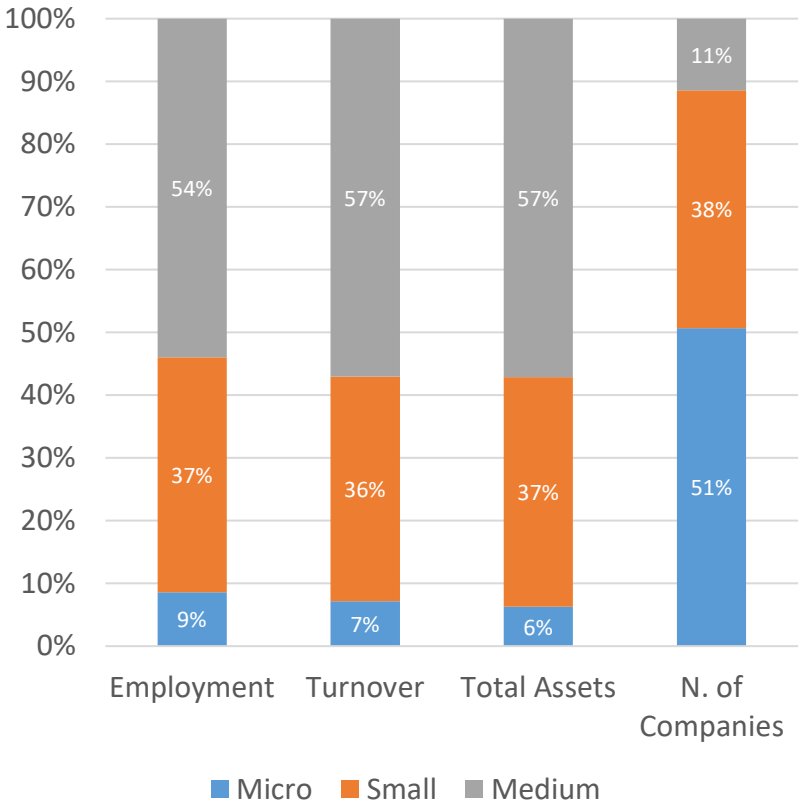
Space Non Space Space-derived activities

A qualitative survey among SMEs reveals that, on average, **56% of turnover** and **57% of employment** in the target population are dedicated to **upstream and downstream activities**. Additionally, another **11% of turnover** and **20% of employment** are allocated to the **use of space technology in other industries** (**space-derived activities**)

In total 67% of Turnover and 77% of Workforce are Space-related.

Key Findings: Key Indicators by Company Size

Overview of Employment, Turnover, and Assets by Company Size



Micro enterprises account for more than half of the population (51%) and represent respectively 9%, 7% and 6% of the employment, turnover and total assets.

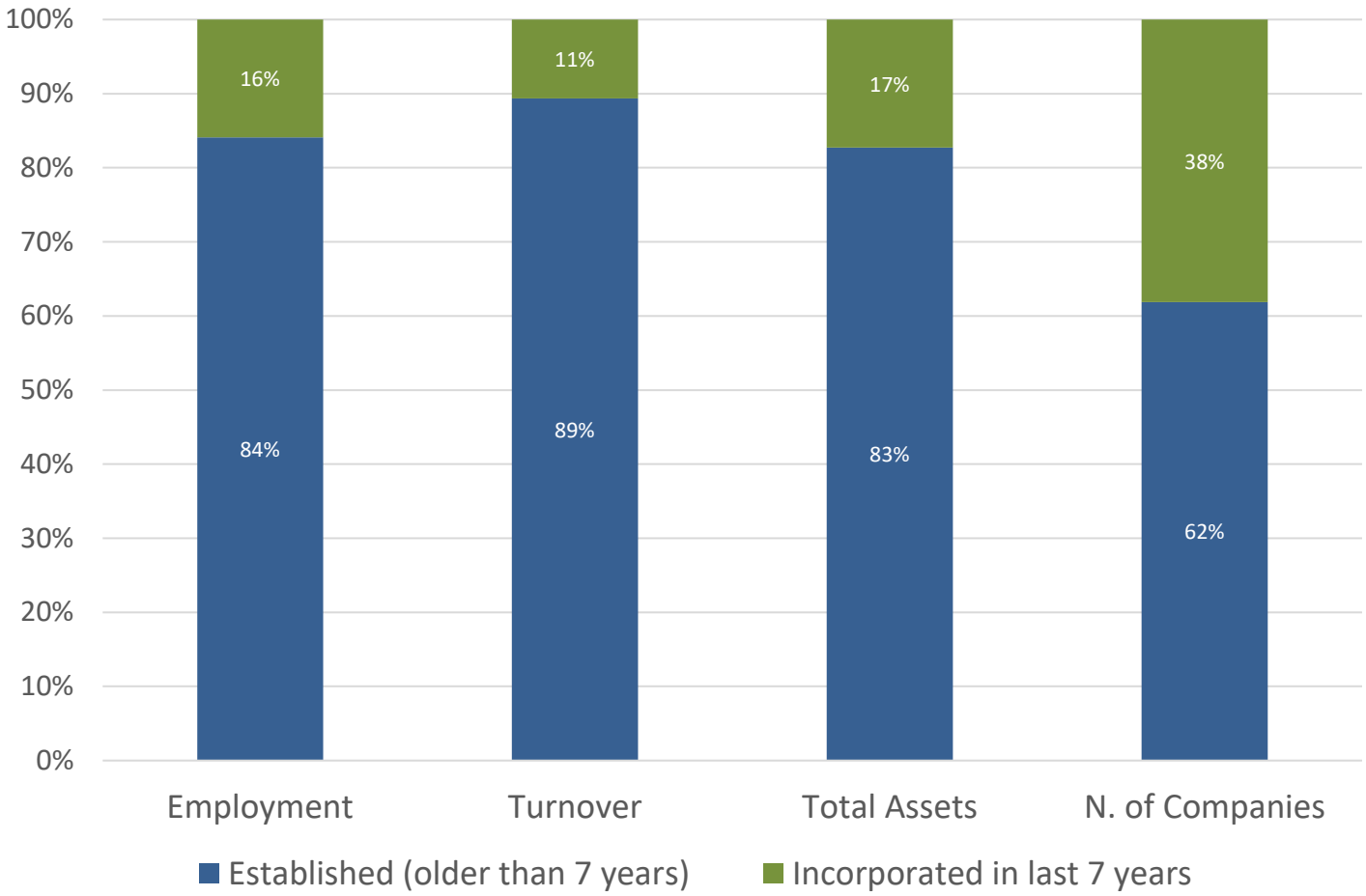
Small enterprises, representing 38% of the total population, hold 37% for both employment and total assets and 36% for turnover.

Medium-sized enterprises represent the 11% of the population with 57% of the turnover and total assets, and 54% employment, respectively.

More than 50% of SMEs are micro enterprises and they contribute less than 10% in terms of employment, turnover and total assets. On the other extreme, medium-sized enterprises represent 11% of the total population and they achieve almost 60% in terms of turnover and total assets and 54% for employment.

Key Findings: Key Indicators by Company Age

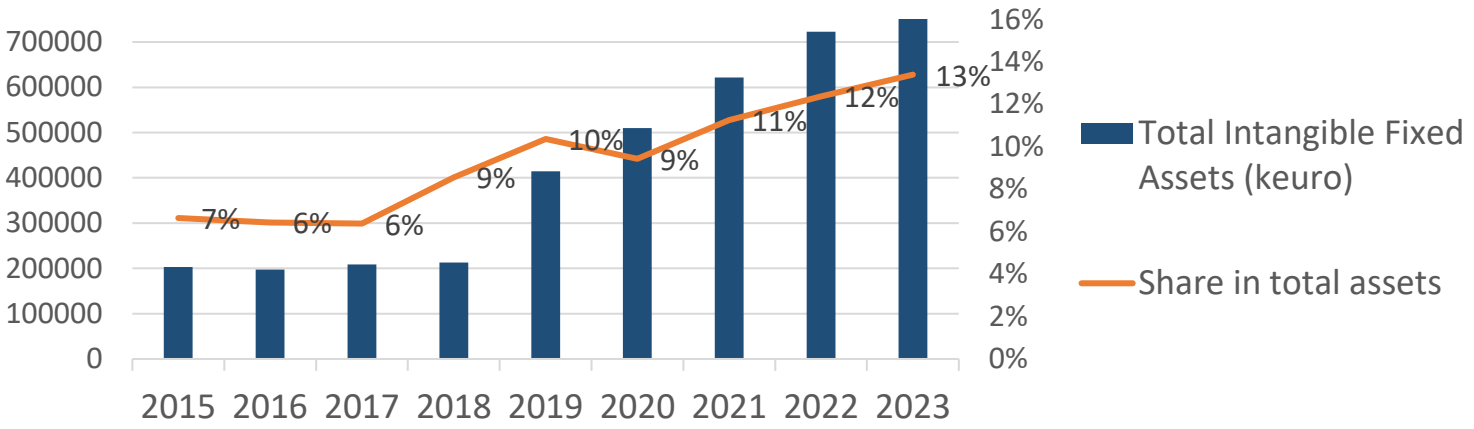
Established versus newly incorporated SMEs



In 2023 the newly incorporated SMEs (created in the last 7 years) versus the established SMEs (older than 7 years) are showing the following ratios:
38% of the total of SMEs are newly incorporated companies, 11% for Turnover, 17% for Total Assets and 16% for employment are provided by newly incorporated SMEs.

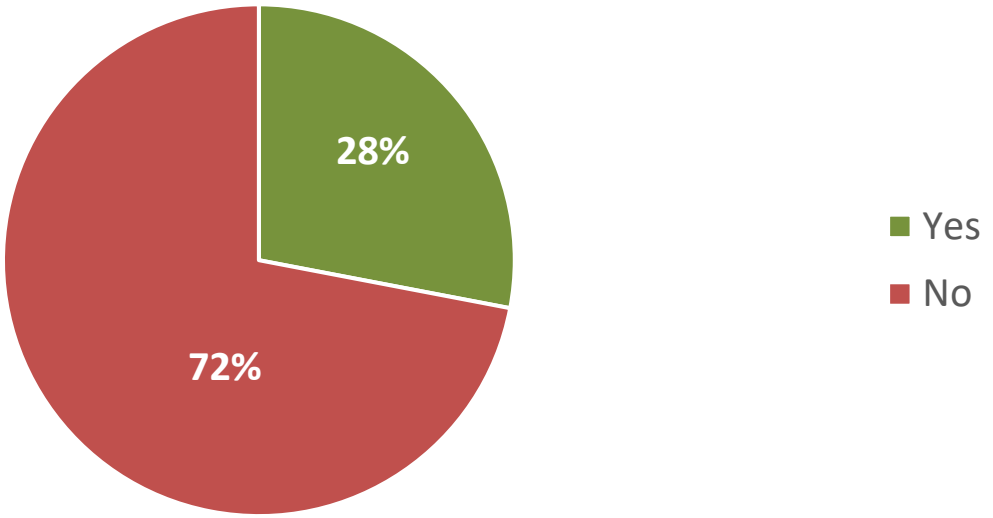
Key Findings: Innovation activities

Investments in intangible fixed assets



Intangible fixed assets include non-physical assets that have value to a company, including intellectual property such as patents, copyrights, trademarks, or software but also capitalized R&D expenses. Intangible fixed assets are seen as a valuable indication of future revenue potential, enhance brand recognition, or provide competitive advantage. Over the period 2015-2023 the total amount of intangible fixed assets has multiplied five-fold.

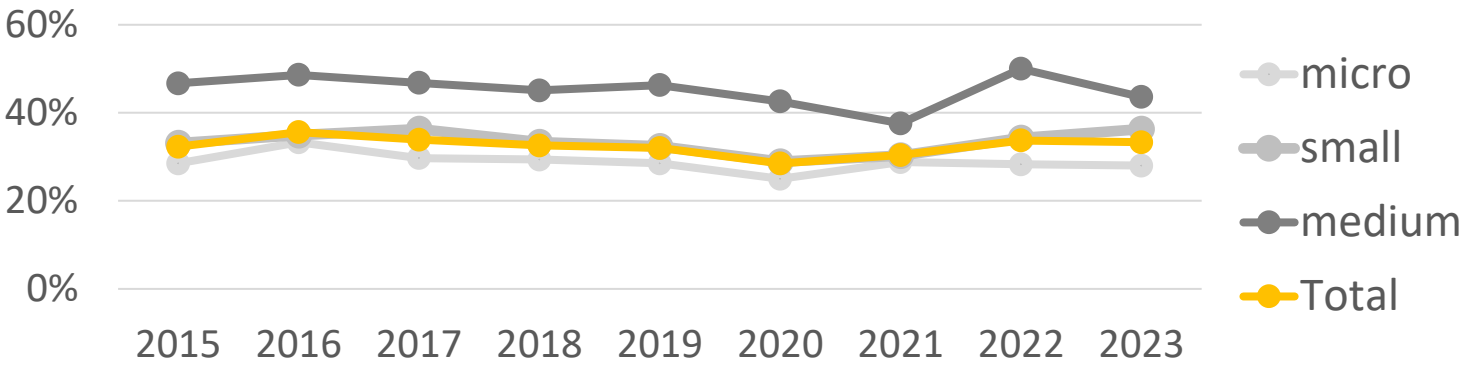
Patents granted



Over one in four SMEs have granted patents. In total these SMES have 4948 granted patents, of which close to 42% (2046 patents) have been granted in the period 2017-2023.

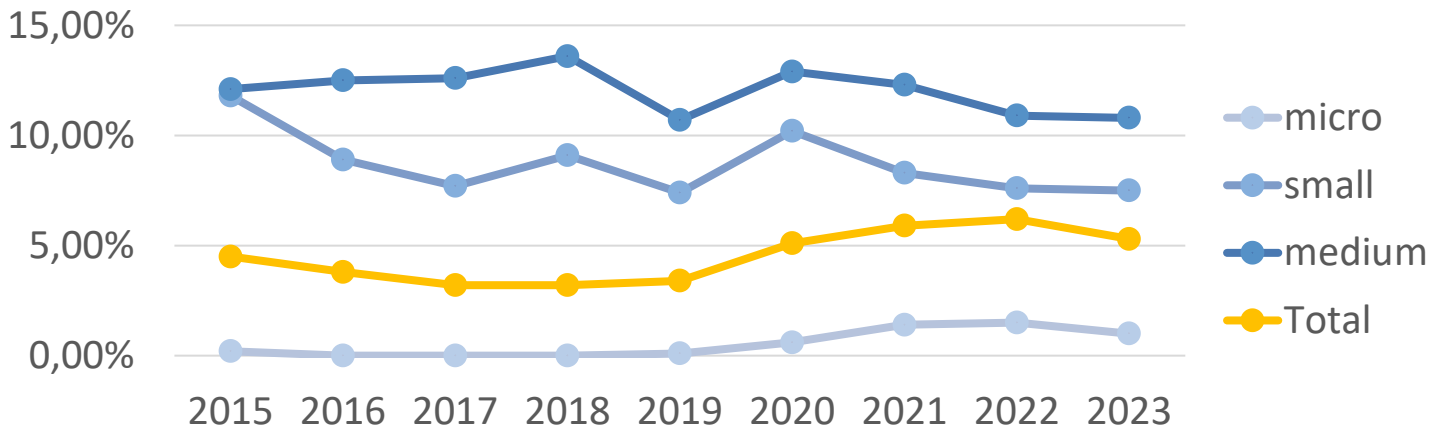
Key Findings: Liquidity and Leverage

Liquidity



The net cash position measures whether a firm is able to pay its short-term liabilities to banks and financial institutions with its current cash and cash equivalents. The percentage of companies with a negative cash position is smaller for "micro" companies than for "medium-sized companies", although the proportion of medium-sized companies with a negative cash position decreases since 2019. The figure for 2022 seemed to indicate a reversal. In 2023 it decreases by company size.

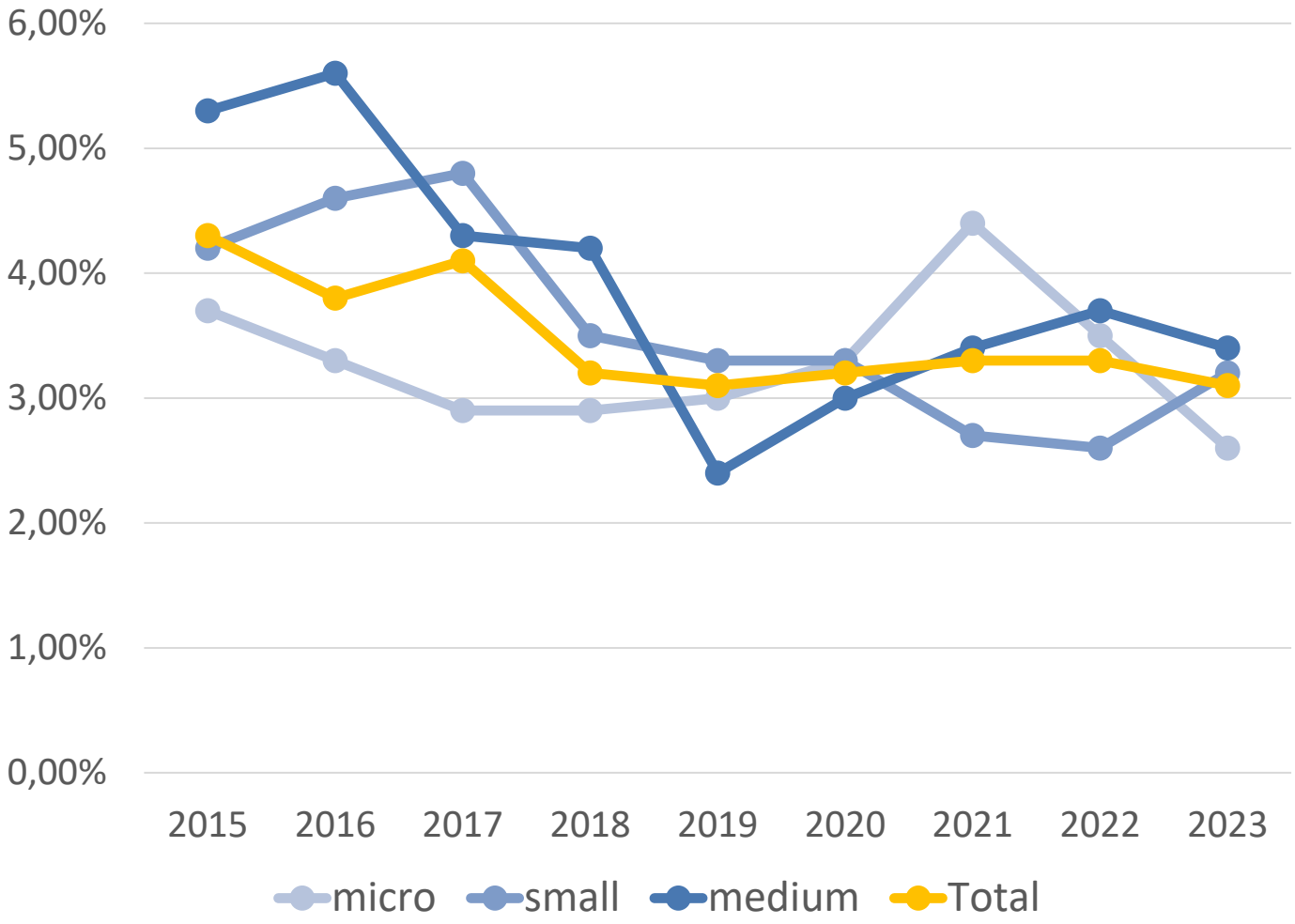
Leverage



The ratio of long-term debt to assets measures to what extent a company's assets are financed by long-term financing, often bank loans. The graph shows that, overall, the percentage of long-term debt financing is low. The median micro company barely has long-term financing. In medium-sized companies the level of long-term debt financing is around 11%, a level that remains stable over time but seems to be declining. This reflects that it is challenging for European Space SMEs to get access to long term debt financing such as bank loans.

Key Findings: Profitability

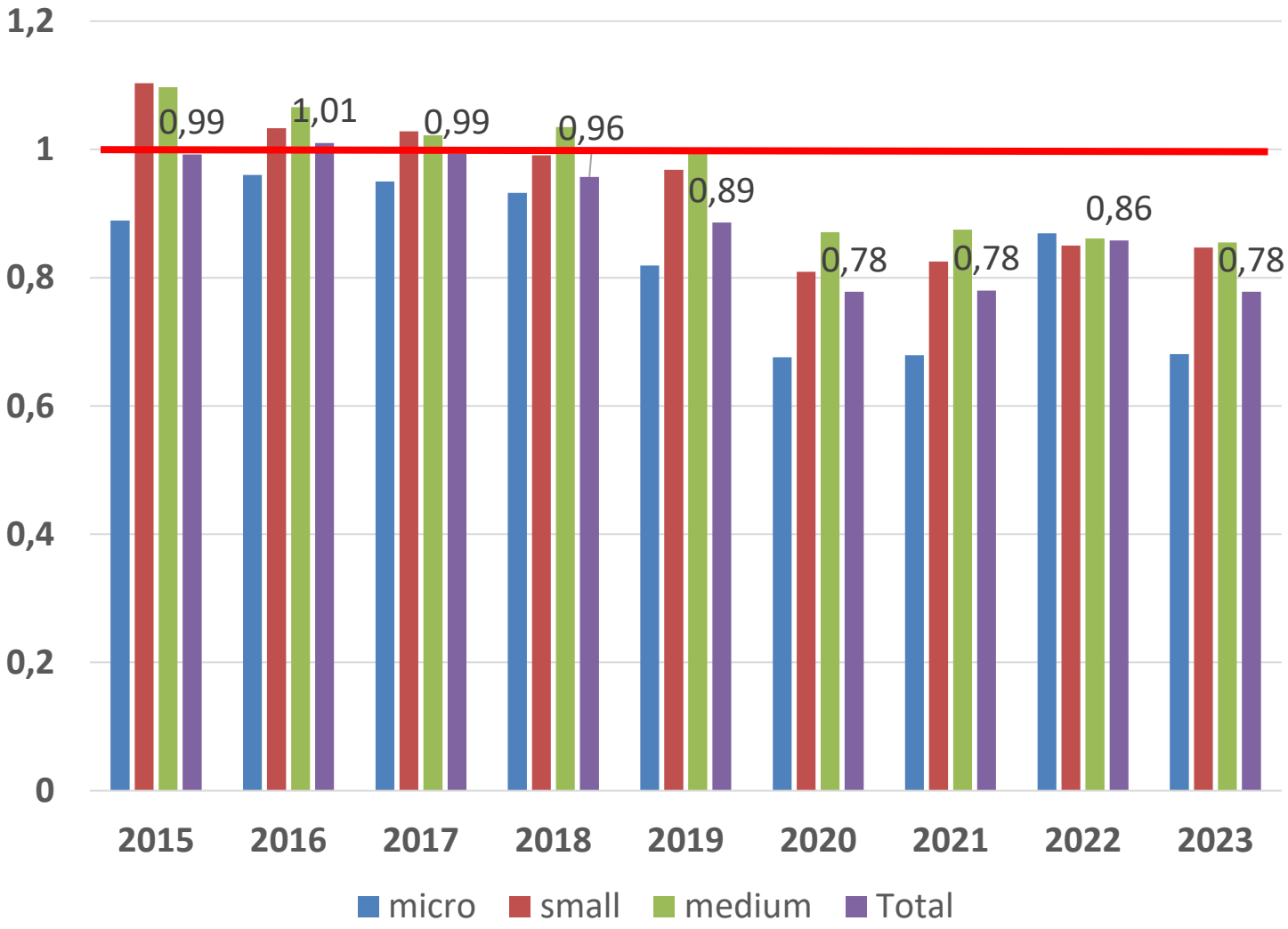
Profitability: ROA (Return on Assets)



The return on assets (ROA) measures net income over assets and is a widely accepted measure of profitability. Overall, the profitability for the median company is quite low (around 4%) and appears to be decreasing over time (to around 3%). There are no consistent differences in profitability between the different size categories.

Key Findings: Space is a capital-intensive sector

Turnover/Total Assets



The space industry requires significant capital investment for companies to remain competitive. In 2023, investments in total assets were more than 7.8 billion euros and the turnover-to-assets ratio, which indicates the amount of turnover produced per euro of invested assets regardless of the financing method (be it equity or debt), is below 1 for the average (and medium) company.

Conclusions

Based on the analysed data, it is evident that **SMEs in the European space industry play a crucial role in driving innovation and economic growth**. Financially, while many SMEs demonstrate growth in terms of workforce, **challenges in profitability and liquidity highlight a need for improved access to finance**. Given the significant economic impact and growth potential of our SME community, targeted policy measures are recommended to enhance their financial health and operational environment. This study, backed by an academic seal of expertise, offers an important step towards understanding and analysing the vital contributions of SMEs to Europe's space industry. Summary of conclusions based on the figures above:

- **The industry has experienced significant expansion from 2018 to 2023, marked by remarkable growth in employment and turnover within SMEs**.
- A qualitative survey among SMEs reveals that on **average 67% of turnover and 77% of employment are space related.**
- **SMEs require significant capital investment to remain competitive**. For each € of turnover, more than 1.2 € of assets is required which is high compared to other industries.
- **The profitability for the median company is low (between 4% and 3%) and decreases**.
- **It is challenging for European Space SMEs to get access to long term debt financing such as bank loans**.