

# EUROPEAN SPACE SMES' FINANCIAL VIABILITY: INSIGHTS AND POLICY PERSPECTIVES

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*SME4SPACE*

# Goal and Sample

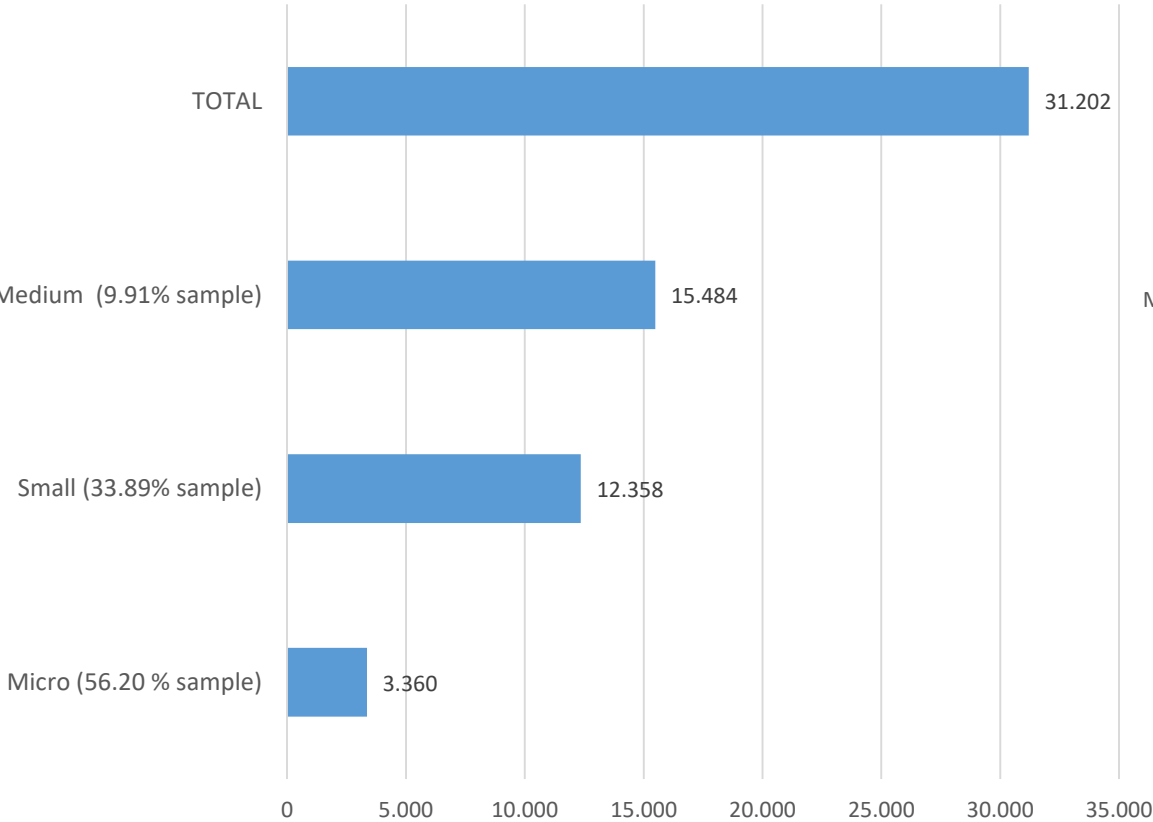
- **Goal:** Provide a snapshot containing descriptive evidence on the economic and financial performance of the European SME space industry. No causal inferences.
- **Target population:** Companies that fall under the European Commission definition of an SME in the year 2021 and have received public support through the European Space Agency or the space activities in the European Union Framework Programme Horizon 2020. This list is further completed with members of SME4SPACE.

*Note that the companies included in the study engage in space activities but often also other activities.*

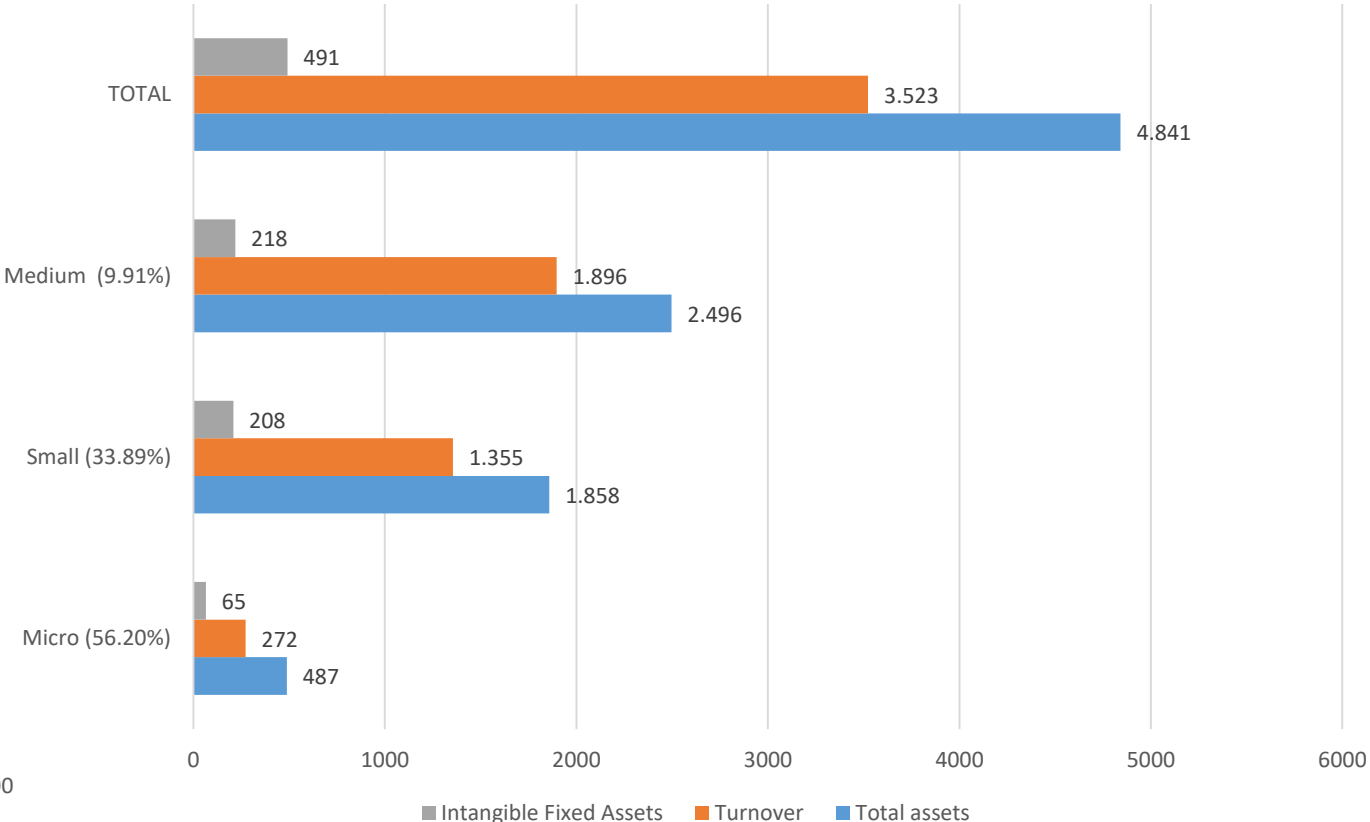
- **Variables:** Financial indicators related to size as well as financial performance from Orbis. Data cleaning procedure.
- **Time period:** 2014-2020
- **Final sample:** 1,637 companies from 29 countries (Micro 56%, Small 34%, Medium 10%)

# Snapshot 2020

Aggregate number of Employees 2020

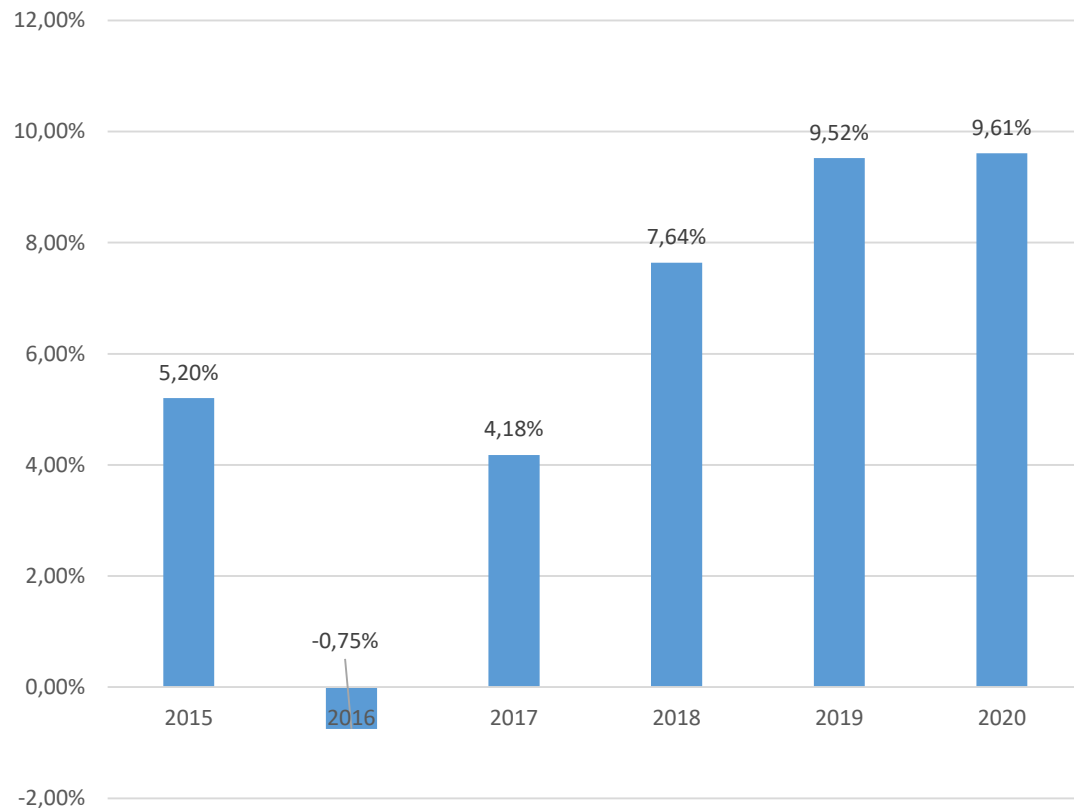


Aggregate number of Total Assets, Turnover and Intangible Fixed Assets 2020 (Million EUR)

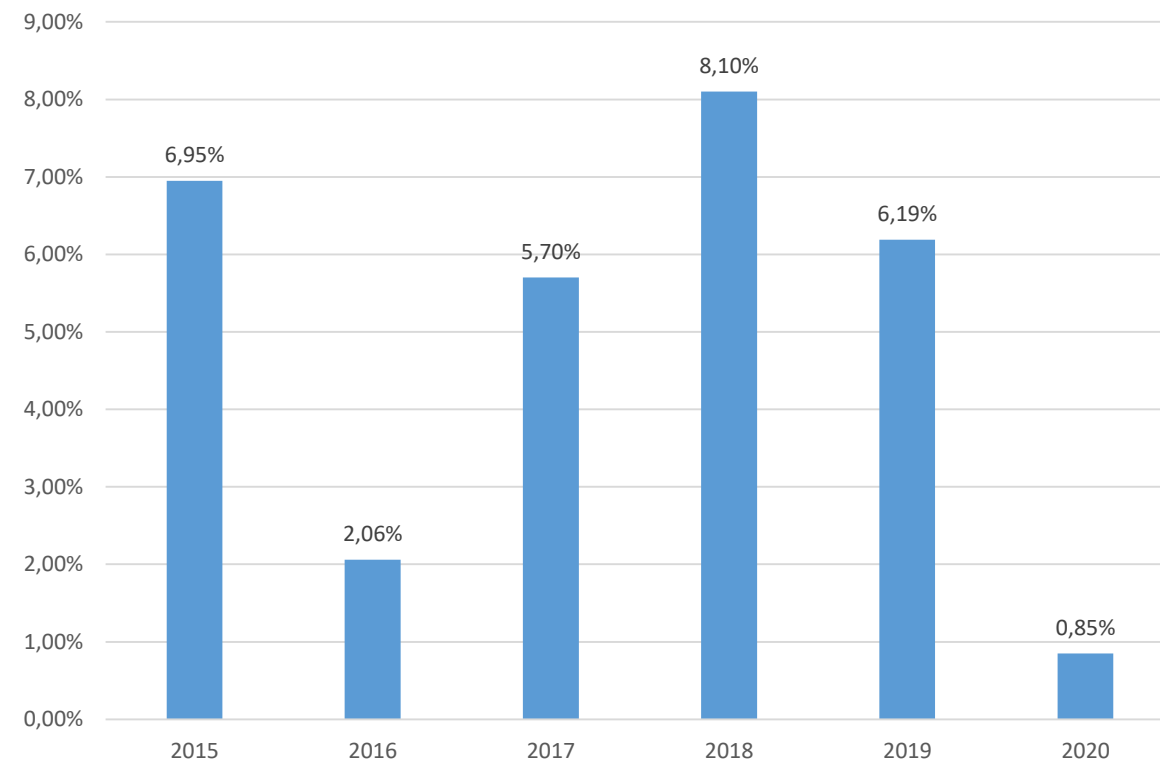


# Growth Indicators 2014-2020

Annual growth in aggregate **Total Assets**  
(Mature companies)

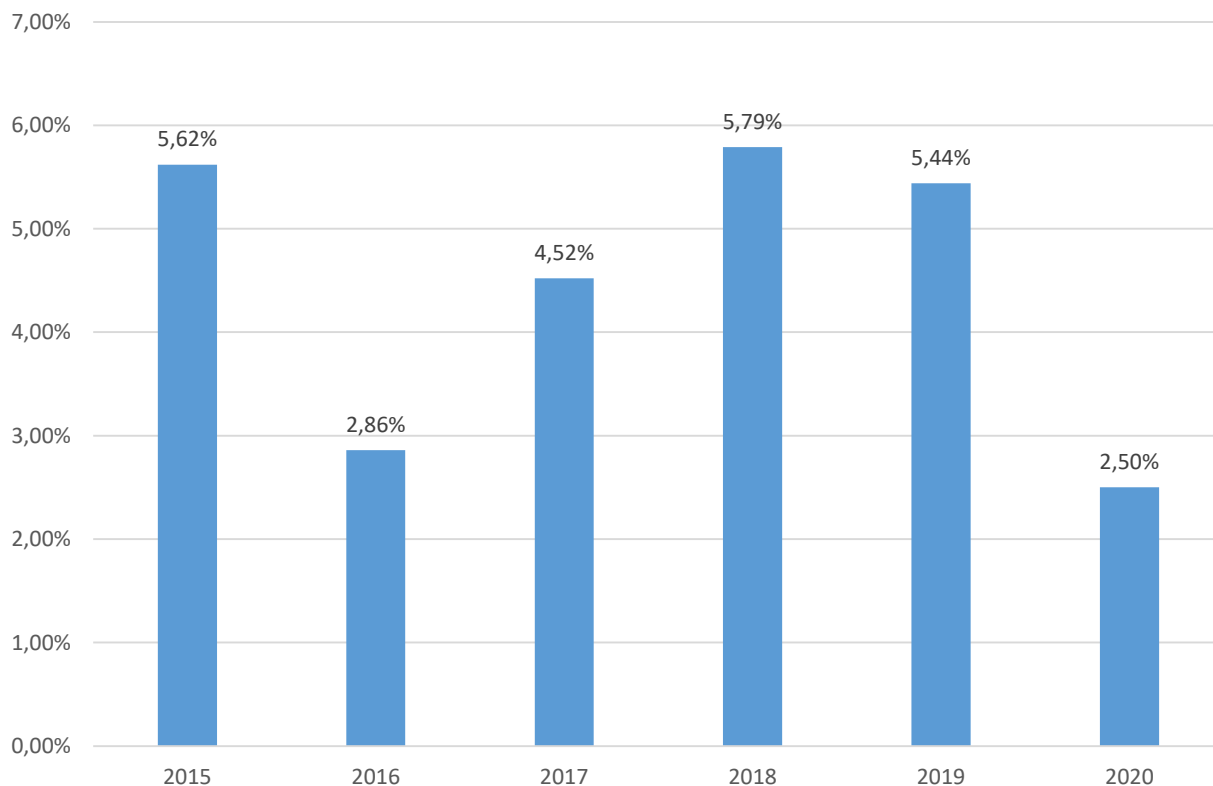


Annual growth in aggregate **Turnover**  
(Mature companies)

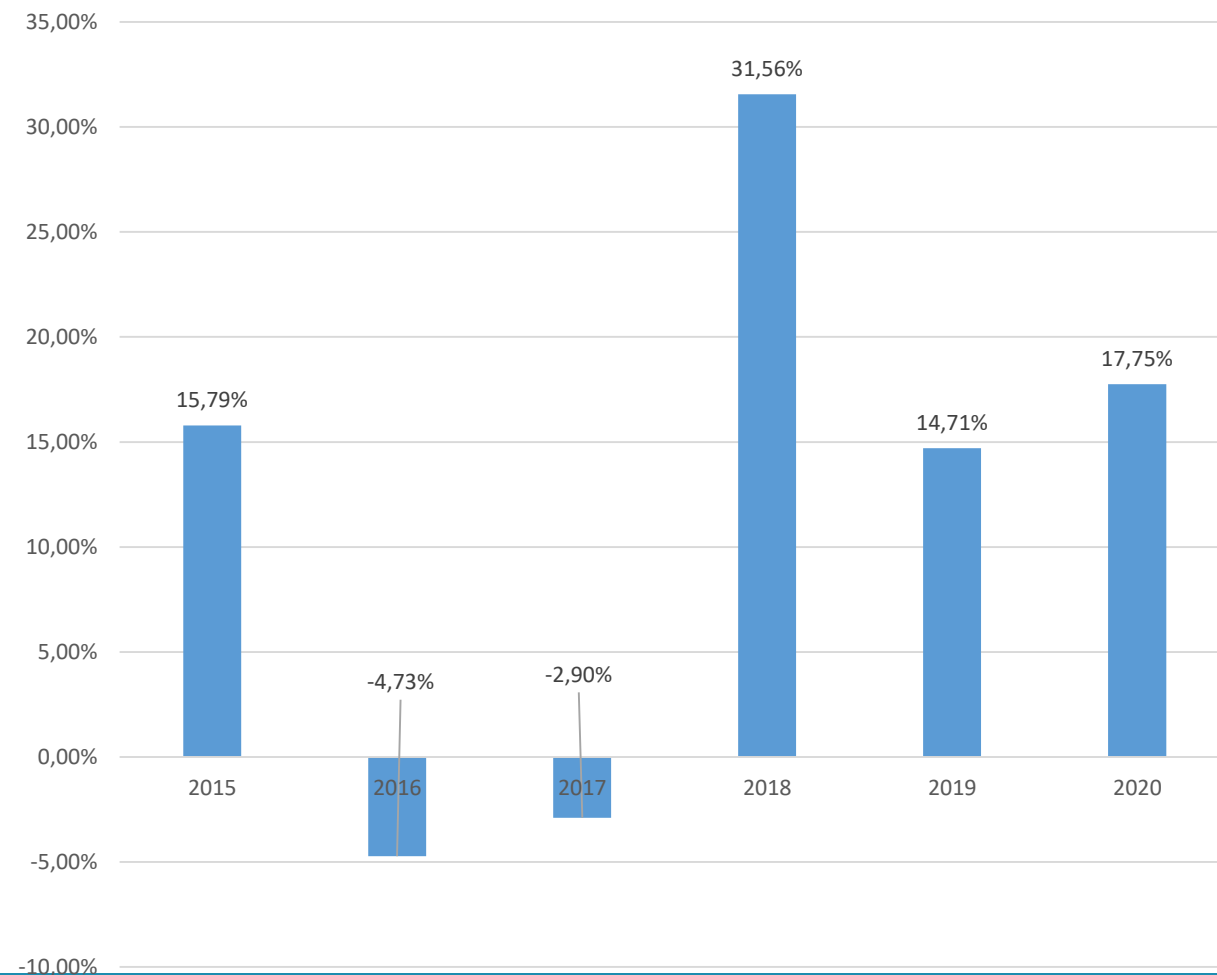


# Growth Indicators 2014-2020

Annual growth in aggregate **Employees**  
(Mature companies)

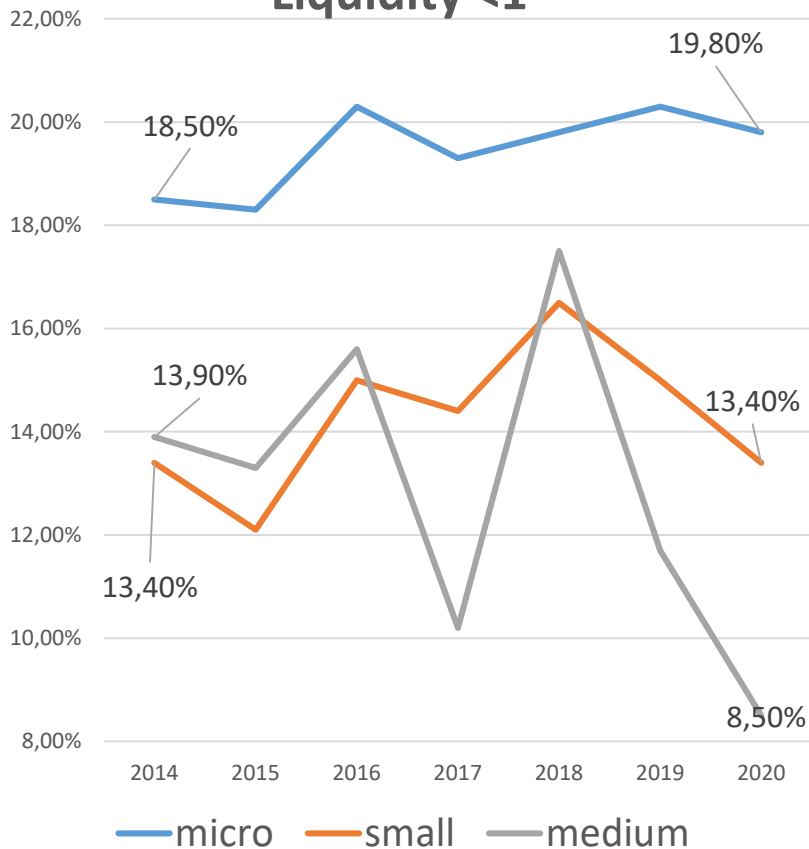


Annual growth in aggregate **Intangible Assets**  
(Mature companies)



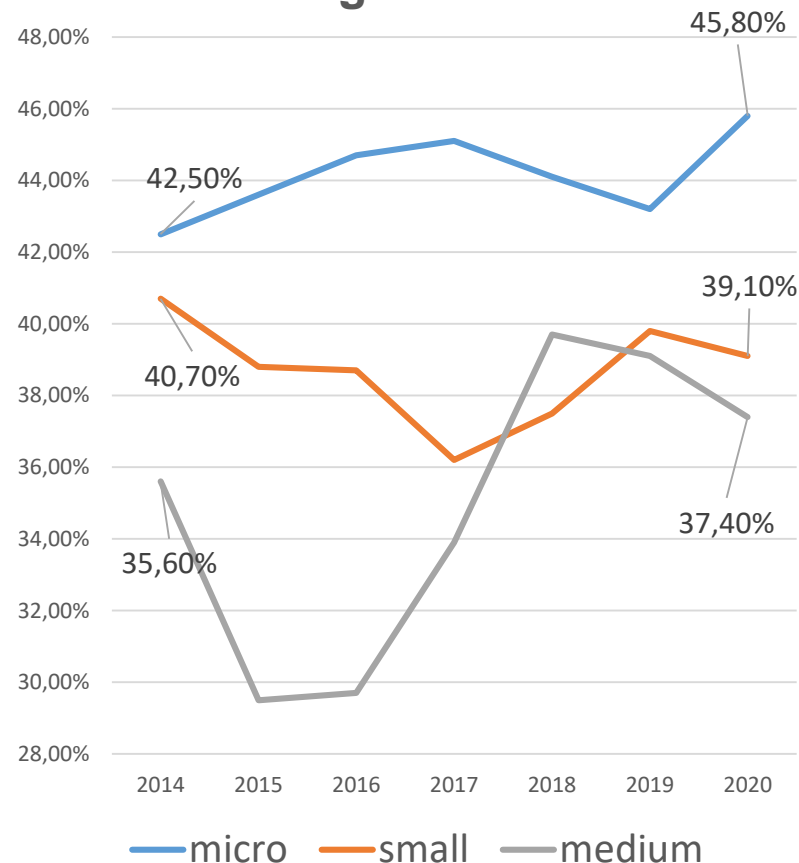
# Evolution Financial Performance

% of companies with  
**Liquidity <1**



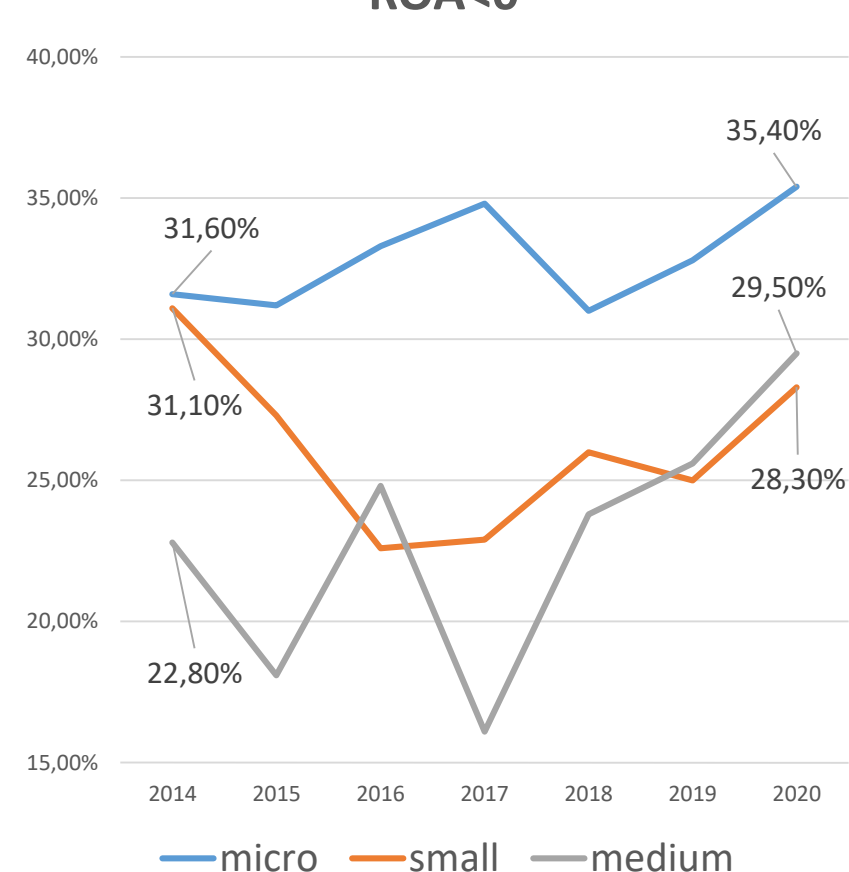
**Median Liquidity 2020 (1.938)**  
 Micro: 1.794  
 Small: 2.043  
 Medium: 1.897

% of companies with  
**Leverage > 2/3**



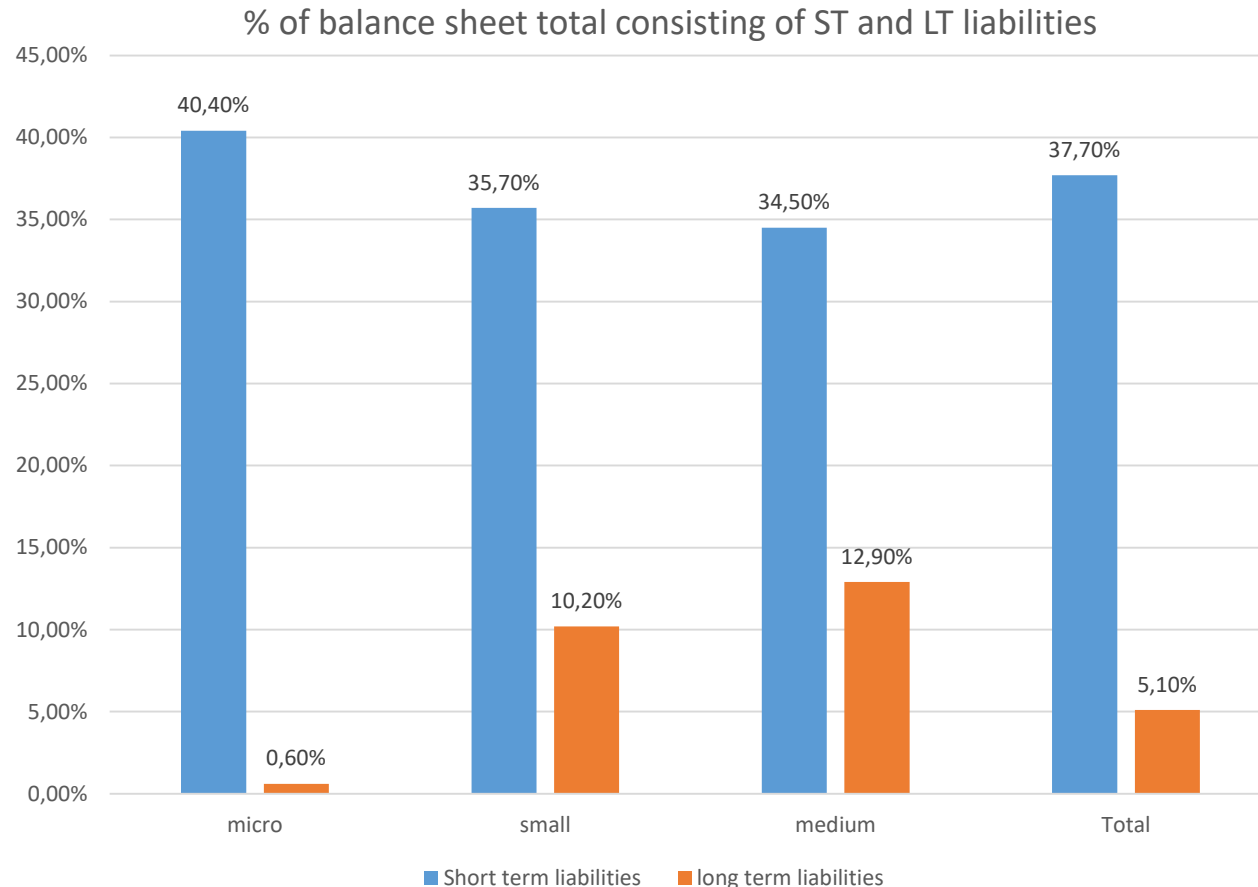
**Median Leverage 2020 (58.40%)**  
 Micro: 60.90%  
 Small: 56.30%  
 Medium: 57.80%

% of companies with  
**ROA <0**



**Median ROA 2020 (3.20%)**  
 Micro: 3.30%  
 Small: 3.30%  
 Medium: 3.00%

# Short Term versus Long Term Liabilities



- Limited access to LT debt financing
- Firms without access to LT debt financing are on average smaller
- Firms with “**high LT debt**” (>25% balance sheet total) in 2019 have **larger growth** on all indicators in 2020 compared to “medium LT debt” firms (> 0% but < 25% of balance sheet)

# Conclusions and Recommendations ESA

The analysis provides an exhaustive overview of the European landscape of SMEs active in space in Europe contributing to a better understanding of SMEs economic and financial performance and the evolution of the addressed key parameters over time since the analysis is performed on an annual basis.

- The results confirm the increasing relevance of SME for the European space industry and growth of this industry segment
- Thus providing important and factual elements in support of the assessment and evolution of ESA's industrial policy measures for SME



# Conclusions and Recommendations SME4Space

Main take aways for SME4SPACE:

1. SMEs in Europe's space industry have a
  - **High need for financing**
  - **But, a low profitability**which makes it hard to sell on the (venture) capital markets

AND

2. **External financing is supporting growth**

→ How can SMEs be supported?

Thank you!