

— MAIN FINDINGS OF THE 2<sup>nd</sup> ANNUAL SURVEY ON THE —

# ECONOMIC IMPORTANCE AND FINANCIAL HEALTH OF THE SMEs IN THE EUROPEAN SPACE INDUSTRY



The main challenge for SMEs:  
Cope with low profitability as a highly  
capital-intensive company

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## INTRODUCTION

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 the national and international levels. 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? SME4SPACE, with the support of the ESA SME office, therefore decided to start a broad survey to answer this question.

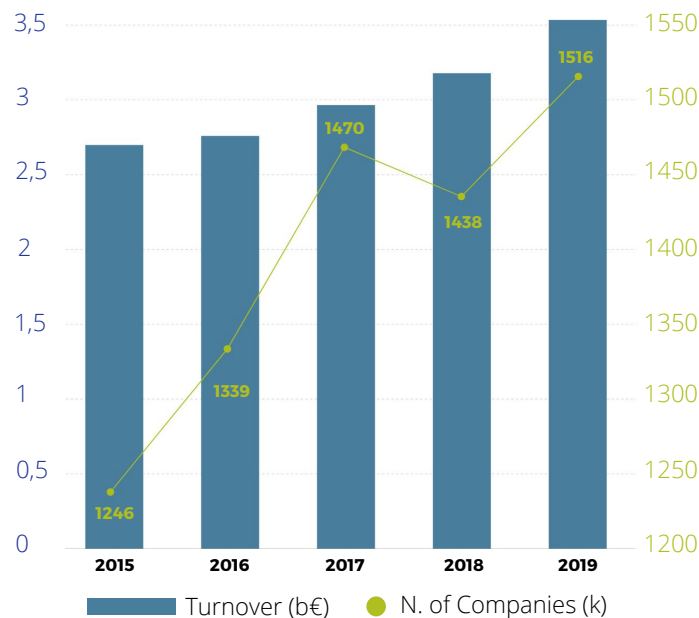
## INFORMATION ON THE SURVEY

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.

**2021**

The investigation was done for the first time in 2020 and the second one in 2021. The last one is based on the analysis of annual financial data from **2015 to 2019** of SMEs having worked with ESA and within the EU space programmes i.e. 1579 firms in total.

# TURNOVER

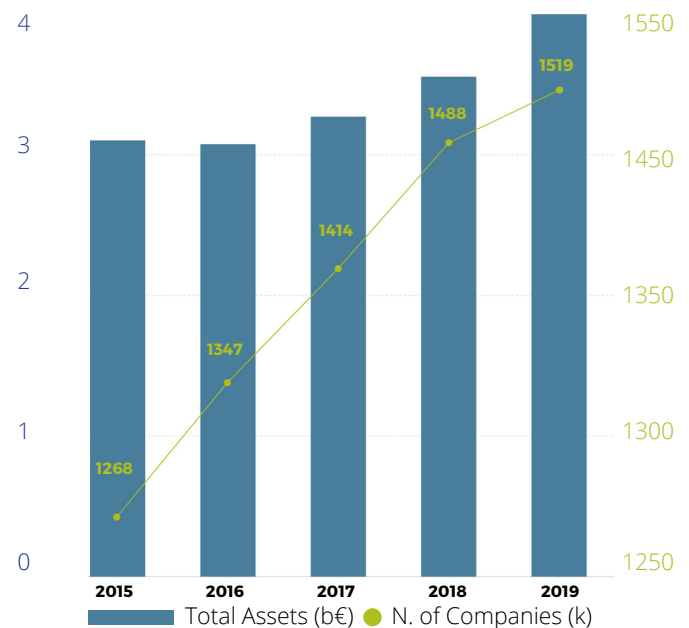


- More than 1500 companies achieved a turnover of approximately 3.5b€ in 2019.
- There is a slightly increasing trend at an average rate of 7%.

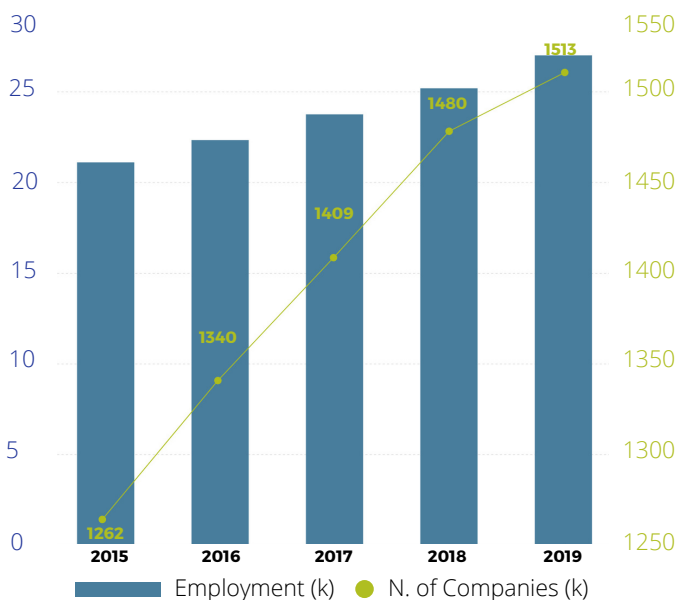
# TOTAL ASSETS



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 figure proves that total assets exceed the yearly turn-over amount.



# EMPLOYMENT



The workforce of these companies is steadily and gradually growing.

# FINANCIAL INDICATORS

We first checked the **Liquidity** (current assets / current liabilities). A ratio above 1 is generally considered to be sound and based upon the median, we can conclude that liquidity within the sample of SMEs examined for this ratio is generally sufficient. It should be underlined that this good figure for liquidity does not give us information on the cash at hand!

**Solvency** (current+ non-current liabilities) / total assets) can also be considered sufficient and the situation remained stable over the years.

But the **Return on Assets** (ROA= profit & loss before taxes / total assets) is weak is further going down. From 4.5% to a very low 3.1% in 2019. This is our main challenge. Moreover, if we combine this with the very high need for capital described above, this challenge becomes even steeper.

	2015		2016		2017		2018		2019	
	Median	N	Median	N	Median	N	Median	N	Median	N
<b>Liquidity</b>										
Total	1.752	950	1.811	1028	1.813	1088	1.779	1149	1.844	1186
<b>Solvency</b>										
Total	60.50%	1009	59.80%	1080	58.90%	1142	59.30%	1200	59.30%	1226
<b>ROA</b>										
micro	4.30%	397	3.10%	410	3.20%	415	3.60%	423	3.00%	426
small	4.50%	245	3.50%	270	4.30%	286	2.70%	295	3.30%	302
medium	5.30%	92	3.80%	91	3.80%	99	3.40%	111	2.40%	116
Total	<b>4.50%</b>	<b>734</b>	<b>3.30%</b>	<b>771</b>	<b>3.70%</b>	<b>800</b>	<b>3.30%</b>	<b>829</b>	<b>3.10%</b>	<b>844</b>

## CONCLUSIONS

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 650 Space SMEs in 25 European Countries with 21 Working Members and 31 Individual Company Members.

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