

1. 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 over 1700 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**, investment in **tangible and intangible assets** and financial indicators such as **liquidity, profitability, leverage**, and **gross sales margin.**

MORE THAN
1700
COMPANIES

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

2023 edition

2. Scope of Work

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 and current situation of these SMEs, their financial evolution and innovative 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.

DATA FROM
2015-2021

BASED IN
EU + ESA Member States

EMPLOYEES
33,147

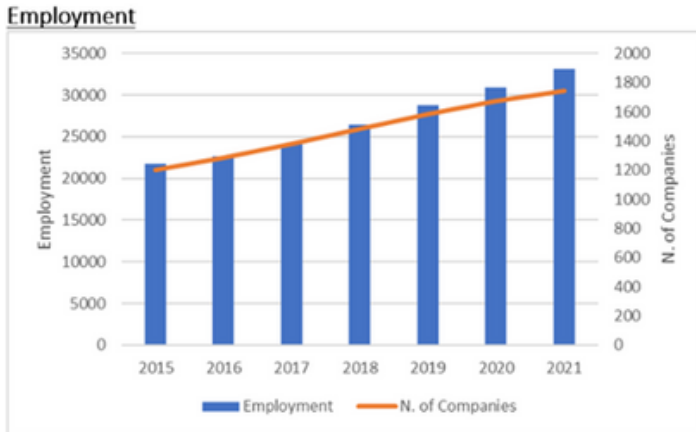
TOTAL ASSETS
~ €5.5 billion

AS TOTAL TURNOVER
~ €3.9 billion

FULL-TIME EQUIVALENT

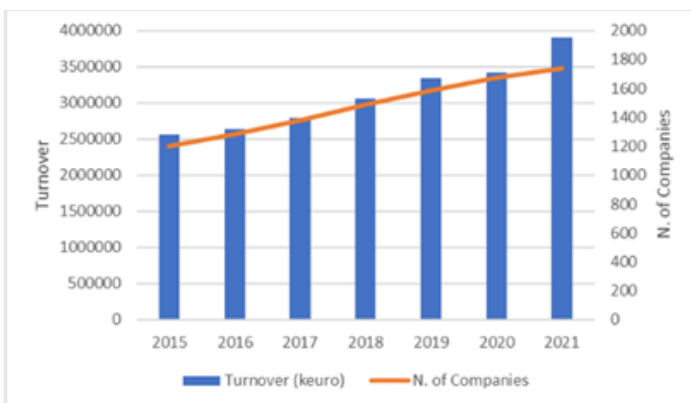
3. KEY FINDINGS

Employment



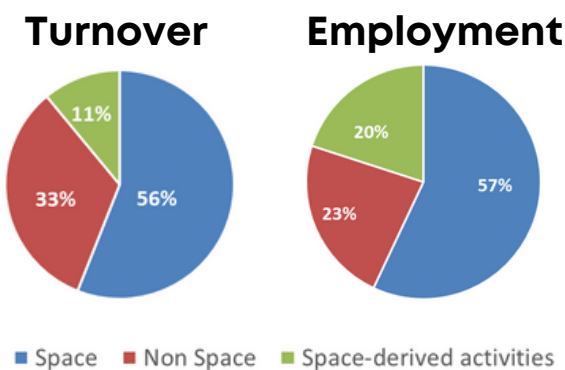
In 2021, SMEs involved in this study collectively employed **33,147 full-time equivalent staff**. This marks a rise of 11,400 employees from 2015, amounting to **a 52.23% increase** over a period of six years.

Turnover



In 2021, 1,762 SMEs realized a total turnover of approximately **3.9 billion euro**. The evolution of the turnover since 2015 is largely similar to the evolution in terms of employment.

Turnover & Employment

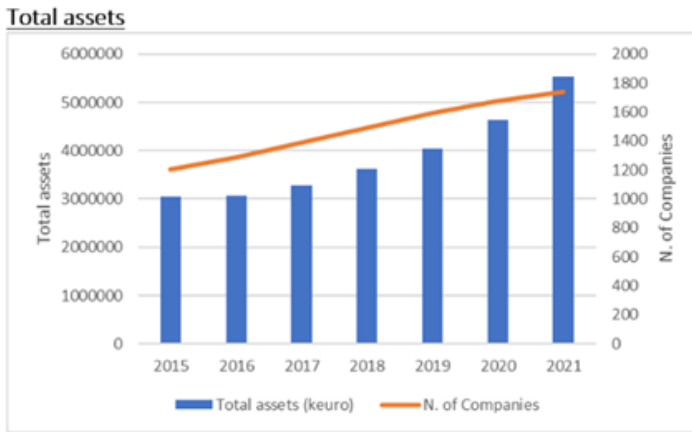


A qualitative survey among SMEs reveals that, on average, 56% of turnover and 57% of employment in the target population are dedicated to upstream and downstream activities. Additionally, another 11% of turnover and 20% of employment are allocated to the use of space technology in other industries (space-derived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

In total: **67% of Turnover and 77% of workforce are space-related.**

3. KEY FINDINGS

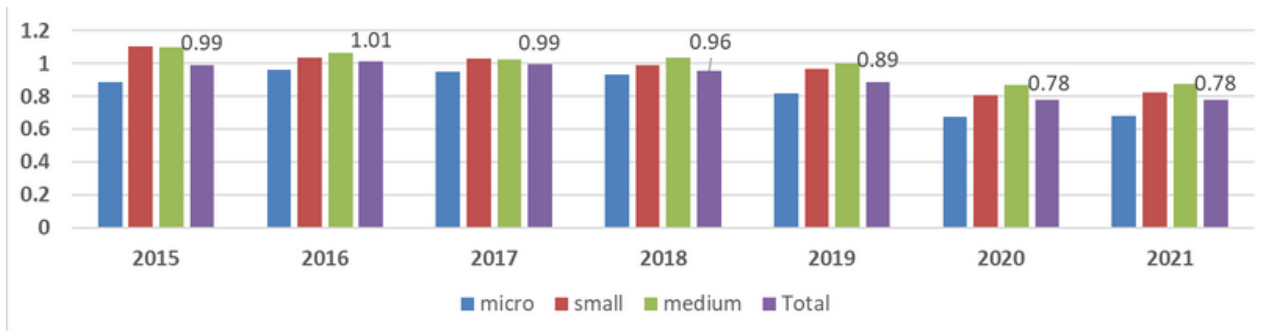
Total Assets



**Turnover-to-assets ratio assesses the efficiency of asset investment by indicating the annual turnover generated per euro of assets —irrespective of financing source.

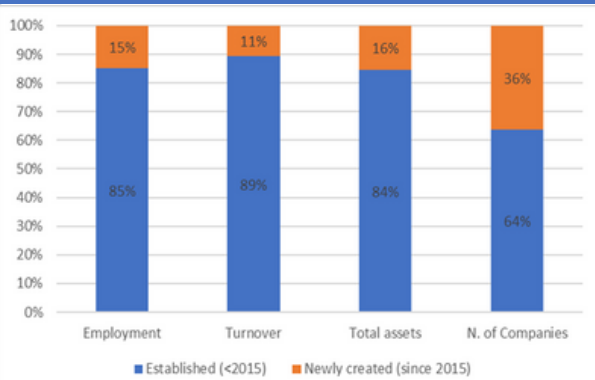
- In 2021, the total assets invested in amounted to nearly **5.5 billion euros**.
- The turnover-to-assets ratio** for both the average and medium company remained to a low of less than 1, indicating a **15.5% decrease** from 2015 to 2021.
- During the same period, **established firms witnessed a 58% increase** in their total assets.

Turnover/ Total Assets



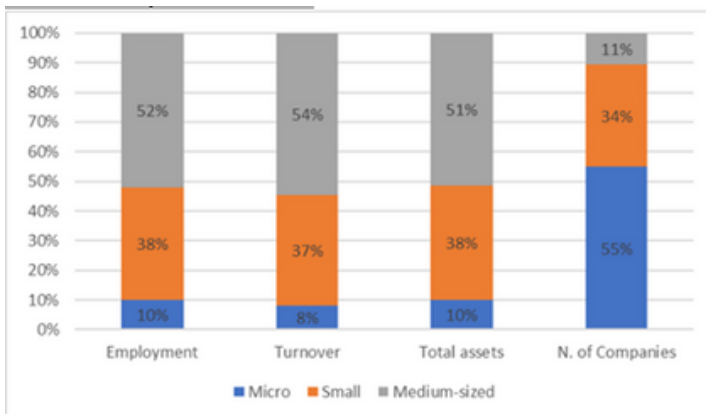
The space industry **requires significant capital investment for companies to remain competitive**. In 2021, investments in **total assets approached 5.5 billion euros** and the **turnover-to-assets ratio**, which indicates the amount of turnover produced per euro of invested assets regardless of the financing method (be it equity or debt), **is below 1** for the average (and median) company.

Established versus newly created SMEs 2021



Established SMEs account around 85% for employment and total assets and around 90% for the turnover versus the newly created SMEs (since 2015). Interestingly, despite the different dimension of the population of the established SMEs (64% of the total) and the newly created SMEs (36% of the total), the newly created SMEs give a higher contribution to the total assets, confirming and reinforcing our assessment that Space is a very high capital intense sector, and more and more for the new companies.

Overview of Employment, Turnover, and Assets by Company Size



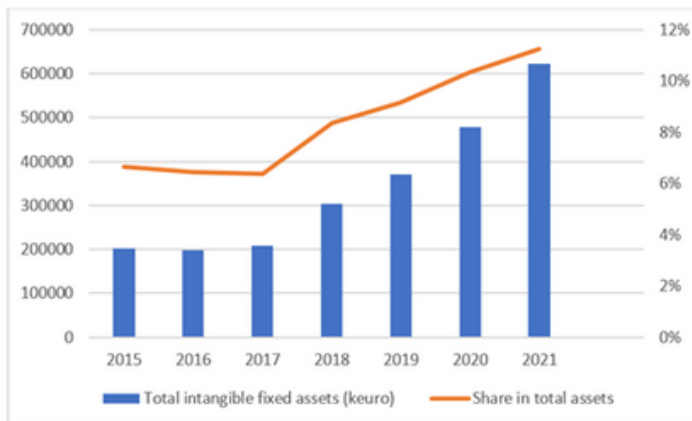
Micro-sized firms account for over half of the population and represent nearly 10% to both total employment and assets, and approximately 8% to the overall turnover.

Small firms, representing 34% of the total number of firms, hold a similar share in employment, turnover and total assets.

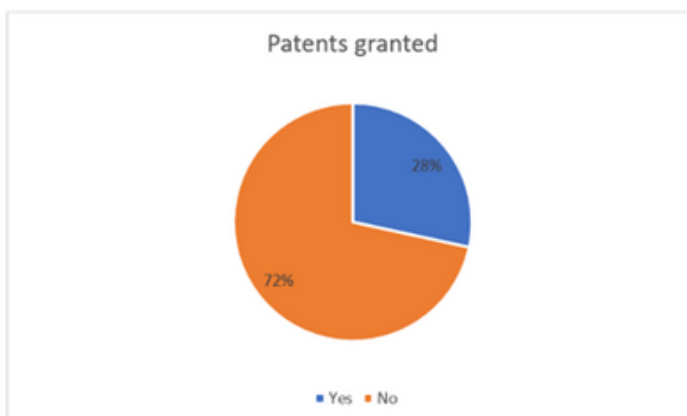
Nearly one out of ten SMEs falls into the **medium-sized** category, representing more than half of the total assets, turnover, and employment.

Innovation Activities

SMEs' innovation efforts were evaluated through investments in **intangible fixed assets** and the number of held **patents**. Intangible fixed assets include non-physical assets that have value to a company, including intellectual property —patents, copyrights, trademarks, software—and capitalized research and development expenses.



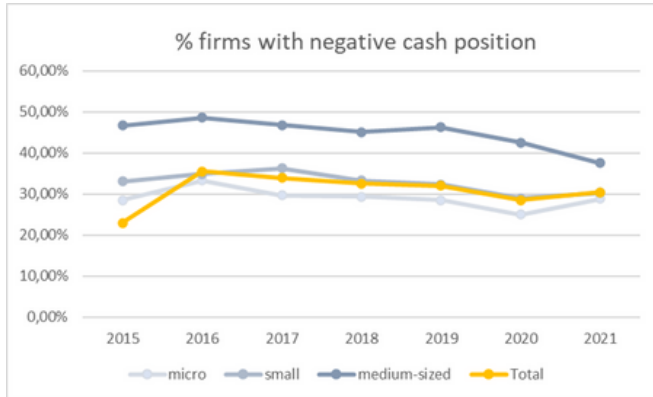
Between 2015 and 2021, the total amount of **intangible fixed assets tripled**, especially noticeable starting from 2018. This growth exceeded the increases in total assets, employment, and turnover, explaining the marked rise in the share of intangible fixed assets within total assets.



More than a quarter of SMEs hold granted patents, with a total of 3,637 patents among them. Approximately 37% of these patents were granted during the period from 2015 to 2021.

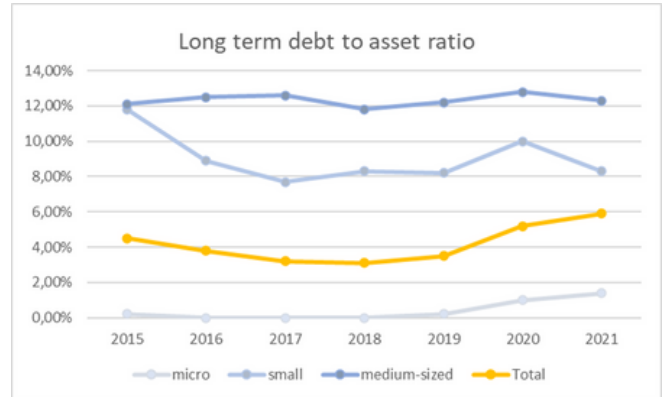
Financial Performance - Core Health Indicators

Liquidity



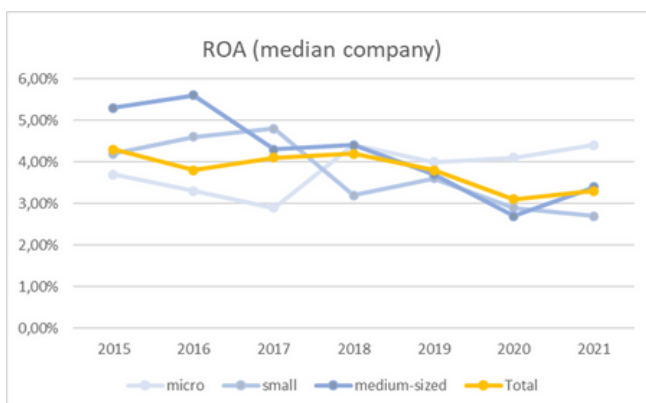
The percentage of firms with a negative net cash position varies inversely with company size with **smaller ("micro") companies typically having a more favorable net cash position compared to larger ("medium-sized") companies.**

Leverage



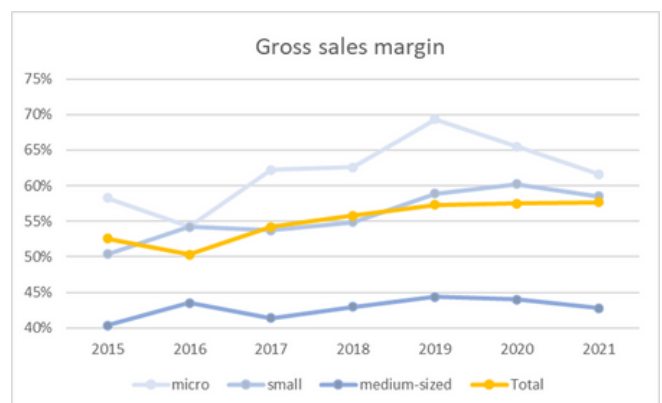
The ratio of long-term debt to assets measures to what extent a company's assets are financed by long-term financing, often bank loans. The graph shows that, overall, the **percentage of long-term debt financing is low.**

Profitability



The return on assets (ROA= profit & loss before taxes / total assets) measures the net income over total assets and is a widely accepted measure of profitability. Overall, **the profitability for the median company was low (around 4%) and further decreases to 2.8%.**

Gross Sales Margin



The gross sales margin, which assesses gross profit as a percentage of turnover, experienced **an average increase of 5% from 2015 to 2021, reaching a level close to 60%.**

4. 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 access to finance highlight a need for improved access to finance**. 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 2015 to 2021, marked by remarkable growth in employment within SMEs.** One out of three SMEs in the target population was established post-2015, which explains the steep increase in the number of SMEs over time.
- **The space industry requires significant capital investment for companies to grow and remain competitive.** In 2021, investments in total assets approached 5.5 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.
- **European Space SMEs face difficulties securing long-term debt financing, such as bank loans.**
- **The profitability for the median company is low 2,8% and is decreasing.**
- **European Space SMEs are on average in a comfortable position in terms of sales margin.**

SME4SPACE

SME4SPACE is the **representative organisation of SMEs in Europe's space industry**, advocating for their interests at European level. It ensures the voices of SMEs are heard, promoting policies and regulations that facilitate their support. Additionally, the organisation is a key source of industry information, offering updates on consultations, policy changes, and a networking platform, thereby supporting the vitality and visibility of space SMEs across Europe. It consists of **20 Working Members (Associations or Clusters)** and **45 Individual Company Members**, cumulatively **representing over 800 SMEs**, across **30 different countries**.

With the support of ESA SME Office

