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Financial Viability and Supplier monitoring in times of economic vulnerability (6)

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EUROPEAN SPACE SMES FINANCIAL VIABILITY: INSIGHTS AND POLICY PERSPECTIVES

Abstract

Small and medium-sized enterprises (SMEs) are at the core of the European space industry and bring a strong contribution to its innovation and renewal. The context of the space sector is changing fast, including disruptive technologies and business models, and an increasing focus on commercial aspects. Space SMEs in Europe face difficulties in terms of access to finance to ensure business stability and growth and a suboptimal investment landscape. These changes and needs require a dedicated policy but surprisingly, figures on the financial viability of the SMEs to underpin this policy are lacking.

The ESA SME Office and SME4SPACE, together with KU Leuven, looked at the financial viability of space SMEs in Europe in the period 2015-2020, including generating first insights on the impact of Covid-19. The target population of this study are 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, resulting in a sample of more than 1,300 companies.

For these companies, information on economic and financial performance has been collected for the period 2015-2020 from ORBIS (and PATSTAT) database. The central focus is on the SMEs' financial position in terms of liquidity, leverage, profitability, financial viability and bankability. This financial performance also is brought in relation with firm-level economic and innovation performance. Among the SMEs, a distinction is made between micro-sized, small-sized and medium-sized firms, and between young and more mature companies.

Preliminary findings of the analysis for the period 2015-2019 showed that European Space SMEs are in a good condition in terms of liquidity (average current ratio exceeds 1) and solvency (average solvency rate of 60

Based on these findings and consultations with the SME community the paper provides inputs for potential future measures for the industry stakeholders and policymakers.