

April 16, 2007

German Spinoff To Target ESA Business in Portugal

PETER B. de SELDING PARIS

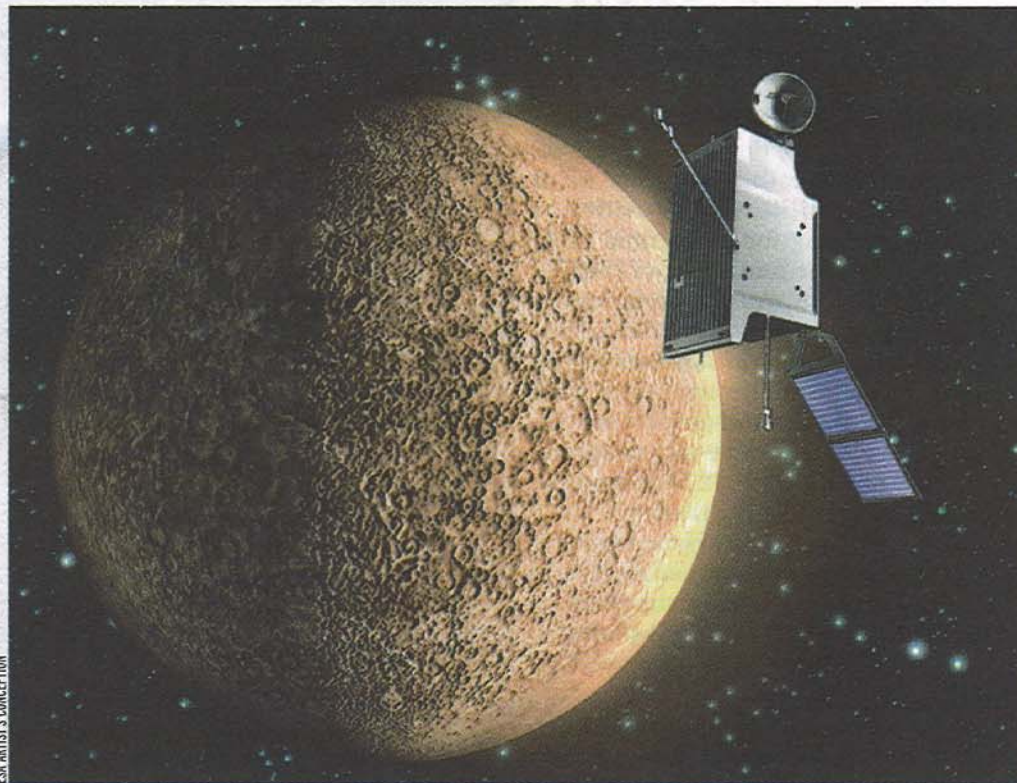
A German space-technology company created as a spinoff of Kayser-Threde and specializing in lightweight satellite antennas has established a subsidiary in Portugal in hopes of capturing European Space Agency (ESA) business there.

HPS GmbH's creation of its 80 percent-owned HPS Lda subsidiary in Porto, with Portuguese nationals as managers, is designed to take advantage of ESA's policy of returning 90 percent of every member state's annual membership dues through contracts with domestic industry. Inegi Porto, a research company in Porto, owns the remaining 20 percent of the newly created company.

"Our analysis concludes that Portugal plans to increase its space investment to take a greater role in ESA science and telecommunications programs," said Ernst K. Pfeiffer, managing director and a founding shareholder of Braunschweig-based HPS. "The country has a large number of highly motivated, well-educated people, and a relatively low cost of labor compared to Germany. The combination of all this is attractive to us."

Portugal became a full ESA member in late 2000. The country thus owes its pro rata share of the agency's mandatory overhead and administrative charges, plus its portion of ESA's science budget, for a total of around 8 million euros (\$10.7 million) per year.

In addition, the Portuguese govern-



Germany's HPS GmbH hopes its spinoff attracts some of the business that is expected from Portugal's plan to take a greater role in ESA science and telecommunications programs, like the ESA BepiColombo Mercury Planetary Orbiter (shown above).

ment has invested in ESA's Egnos and Galileo satellite navigation systems, and in the agency's Artes telecommunications technology research programs.

Portugal's space investment comes mainly from the Ministry of Science and Higher Education, which in 2003 created the Portugal Space Office, GPE, as a separate department to handle the ESA

relationship.

One of the early products of Portugal's ESA membership was the creation of a trainee program in which Portuguese engineering graduates were sent to different ESA centers to learn the basics of space technology. In addition to guaranteeing that national investment brings returns to each nation

in the form of industry contracts, ESA has policies that, for certain contracts, favor small companies like HPS, which was formed in 2003 by Pfeiffer with investment from Munich-based Kayser-Threde.

Kayser-Threde, which has established itself as a provider of subsystems for manned space flight programs including the international space station, recently has signaled its intention to become a prime contractor for small satellite systems, starting with the German Aerospace Center's EnMap hyperspectral Earth observation satellite, tentatively scheduled for launch in 2011.

Pfeiffer said HPS reported minimal profit for 2006 on contract revenues of about 1.6 million euros. The company designs insulation for re-entry systems that ESA and the German Aerospace Center, DLR, are planning, and lightweight structures for satellite antenna reflectors.

The company is competing to fly one of its antenna designs as part of the Small Geo program, which ESA is running to develop a new platform for small commercial telecommunications satellites.

"Up to now we have focused on technology development projects that could use some of our designs," Pfeiffer said. "Now we are turning our attention to the design of products for satellite prime contractors."