

Filtronic

Trading update

Upgrading outlook

Filtronic's trading update confirms that the outlook for FY25 and FY26 is ahead of current market expectations as the company is able to make use of recently added manufacturing capacity to meet higher customer demand. We upgrade our revenue forecasts for FY25 and FY26, with an increase in adjusted EBITDA of 14.1% for FY25. Reflecting the run rate effect of investments made in H225, we maintain our FY26 EBITDA forecast.

Year end	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
5/23	16.3	1.3	0.1	0.06	0.00	N/A	N/A
5/24e	25.4	4.9	3.4	1.43	0.00	66.8	N/A
5/25e	54.9	16.1	14.1	5.78	0.00	16.5	N/A
5/26e	50.0	9.9	7.4	2.82	0.00	33.9	N/A

Note: EBITDA, PBT and EPS (diluted) are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Investment in manufacturing supports higher demand

Filtronic noted that the recently added manufacturing capacity is now fully online, allowing the company to meet increasing customer demand (in March Filtronic announced another [large order from SpaceX](#)). This will deliver stronger revenue and adjusted EBITDA in H225, beating market expectations for FY25. The stronger trading performance is expected to carry through to FY26 as anticipated new programmes come through with new and existing customers.

Upgrading revenue for FY25 and FY26

We have increased our revenue forecasts by 9.6% in FY25 to £54.9m and by 10.9% in FY26 to £50.0m. We assume that SpaceX will be a driver of upside in both years and that aerospace and defence customers will make a growing contribution from FY26. We upgrade FY25 adjusted EBITDA by 14.1% to £16.1m. Reflecting the investment in manufacturing and engineering through the course of FY25, we maintain our FY26 adjusted EBITDA forecast.

Valuation: Factoring in long-term growth

Performing a reverse discounted cash flow valuation with a weighted average cost of capital of 8.3%, the current share price implies revenue growth of 12.0% per year for FY27–34, with an average EBITDA margin of 24.1% over that period. In our view, the strengthened relationship with SpaceX, the potential to widen the customer base in the space market and the growing penetration of the aerospace and defence market all provide avenues for sustainable growth.

Tech hardware and equipment

6 May 2025

Price 95.60p

Market cap £209m

Net cash/(debt) at end H125 £5.1m
(including PPE lease liabilities)

Shares in issue 219.0m

Free float 70.9%

Code FTC

Primary exchange AIM

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs (4.2) (3.9) 91.2

52-week high/low 118.0p 49.5p

Business description

Filtronic is a designer and manufacturer of advanced radio frequency communications products supplying a number of market sectors including mobile telecommunications infrastructure, space, public safety, aerospace and defence.

Next events

FY25 trading update June

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Changes to forecasts

Exhibit 1: Changes to forecasts

£m	FY25e old	FY25e new	Change	y-o-y	FY26e old	FY26e new	Change	y-o-y
Revenues	50.1	54.9	9.6%	116.0%	45.1	50.0	10.9%	-9.0%
EBITDA	14.1	16.1	14.1%	229.7%	9.9	9.9	0.2%	-38.7%
EBITDA margin	28.2%	29.3%	1.1pp	10.1pp	21.9%	19.8%	-2.1pp	-9.6pp
Normalised operating profit	12.2	14.2	16.4%	287.4%	7.5	7.5	0.3%	-46.9%
Normalised operating margin	24.3%	25.8%	1.5pp	11.4pp	16.6%	15.1%	-1.6pp	-10.7pp
Reported operating profit	10.6	12.6	18.8%	248.1%	5.9	5.9	0.4%	-52.9%
Reported operating margin	21.1%	22.9%	1.8pp	8.7pp	13.1%	11.8%	-1.2pp	-11.0pp
Normalised PBT	12.1	14.1	16.4%	314.1%	7.3	7.4	0.3%	-47.8%
Reported PBT	10.5	12.5	18.9%	272.3%	5.7	5.8	0.4%	-54.0%
Normalised net income	11.6	13.6	17.2%	327.0%	6.6	6.7	0.3%	-51.0%
Reported net income	10.0	12.0	19.9%	282.4%	5.0	5.1	0.5%	-57.9%
Normalised basic EPS (p)	5.33	6.24	17.2%	323.7%	3.03	3.04	0.3%	-51.2%
Normalised diluted EPS (p)	4.94	5.78	17.2%	304.2%	2.81	2.82	0.3%	-51.2%
Reported basic EPS	4.59	5.51	19.9%	279.4%	2.30	2.31	0.5%	-58.0%
Net debt/(cash)	(10.3)	(11.9)	15.9%	130.0%	(14.0)	(15.4)	9.9%	29.3%

Source: Edison Investment Research

Exhibit 2: Financial summary

Year end May	£m	2020	2021	2022	2023	2024	2025e	2026e
INCOME STATEMENT								
Revenue		17.2	15.6	17.1	16.3	25.4	54.9	50.0
EBITDA		1.2	1.8	2.8	1.3	4.9	16.1	9.9
Operating profit (before amort. and excepts.)		0.4	0.6	1.6	0.2	3.7	14.2	7.5
Amortisation of acquired intangibles		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals		(0.6)	0.1	0.4	0.0	0.0	(1.3)	(1.3)
Reported operating profit		(0.2)	0.6	2.0	0.2	3.6	12.6	5.9
Net Interest		(0.2)	(0.4)	(0.1)	(0.2)	(0.2)	(0.1)	(0.2)
Exceptionals		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit Before Tax (norm)		0.1	0.1	1.5	0.1	3.4	14.1	7.4
Profit Before Tax (reported)		(0.4)	0.2	1.9	0.1	3.4	12.5	5.8
Reported tax		(0.1)	(0.2)	(0.4)	0.4	(0.2)	(0.5)	(0.7)
Profit After Tax (norm)		0.1	0.3	1.2	0.1	3.2	13.6	6.7
Profit After Tax (reported)		(0.5)	0.1	1.5	0.5	3.1	12.0	5.1
Discontinued operations		(1.4)	0.0	0.0	0.0	0.0	0.0	0.0
Net income (normalised)		0.1	0.3	1.2	0.1	3.2	13.6	6.7
Net income (reported)		(2.0)	0.1	1.5	0.5	3.1	12.0	5.1
Average Number of Shares Outstanding (m)								
Average Number of Shares Outstanding (m)		211.0	213.4	214.7	215.1	216.3	218.1	219.0
EPS - normalised (p)		0.05	0.14	0.54	0.07	1.47	6.24	3.04
EPS - normalised fully diluted (p)		0.05	0.14	0.53	0.06	1.43	5.78	2.82
EPS - basic reported (p)		(0.25)	0.03	0.68	0.22	1.45	5.51	2.31
Dividend (p)		0.00	0.00	0.00	0.00	0.00	0.00	0.00
BALANCE SHEET								
Fixed Assets		7.5	6.2	5.4	7.4	9.5	14.8	14.7
Intangible Assets		1.8	1.7	1.5	1.8	2.3	2.8	3.5
Tangible Assets		3.8	3.3	3.0	4.3	4.9	10.0	10.2
Investments & other		1.9	1.2	0.9	1.3	2.3	1.9	1.0
Current Assets		9.8	8.4	11.1	10.7	18.3	34.3	37.1
Stocks		2.9	2.2	2.6	2.8	3.3	4.5	5.1
Debtors		4.8	3.3	4.5	5.3	6.6	12.9	12.3
Cash & cash equivalents		2.0	2.9	4.0	2.6	7.2	16.5	19.7
Other		0.0	0.0	0.0	0.0	1.3	0.4	0.0
Current Liabilities		(6.0)	(3.6)	(4.0)	(4.8)	(8.2)	(14.2)	(11.7)
Creditors		(3.5)	(2.4)	(3.0)	(3.7)	(5.4)	(12.4)	(10.0)
Short term borrowings including lease liabilities		(0.7)	(0.6)	(0.5)	(0.6)	(0.9)	(0.9)	(0.9)
Other		(1.8)	(0.6)	(0.5)	(0.5)	(1.9)	(0.9)	(0.9)
Long-Term Liabilities		(2.0)	(1.7)	(1.4)	(1.7)	(2.3)	(4.7)	(4.4)
Long-term borrowings		(2.0)	(1.6)	(1.3)	(1.7)	(2.1)	(4.5)	(4.3)
Other long-term liabilities		0.0	(0.1)	(0.1)	(0.0)	(0.1)	(0.1)	(0.1)
Net Assets		9.4	9.4	11.0	11.5	17.4	30.3	35.6
Minority interests		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' equity		9.4	9.4	11.0	11.5	17.4	30.3	35.6
CASH FLOW								
Op Cash Flow before WC and tax		1.2	1.8	2.8	1.3	4.9	16.1	9.9
Working capital		(1.7)	1.1	(0.8)	(0.4)	1.5	(1.6)	(2.4)
Exceptional & other		(3.3)	(1.0)	0.3	0.0	0.0	0.0	0.0
Tax		1.2	0.5	0.0	0.0	(0.0)	(0.5)	(0.7)
Operating Cash Flow		(2.6)	2.5	2.3	0.9	6.3	14.0	6.8
Capex (including capitalised R&D)		(1.2)	(0.4)	(0.3)	(1.5)	(1.6)	(4.3)	(2.4)
Acquisitions/disposals		3.7	0.0	0.0	0.0	0.0	0.0	0.0
Net interest		(0.3)	(0.2)	(0.2)	(0.2)	(0.2)	(0.1)	(0.2)
Equity financing		0.3	0.0	0.0	0.0	0.1	0.1	0.0
Dividends		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Cash Flow		(0.2)	1.9	1.9	(0.8)	4.6	9.8	4.2
Opening net debt/(cash)		(2.0)	0.7	(0.8)	(2.2)	(0.3)	(4.2)	(11.0)
FX		0.0	0.0	0.0	0.0	0.0	0.4	0.0
Other non-cash movements		(3.0)	(0.4)	(0.5)	(1.1)	(0.8)	(3.3)	(0.8)
Closing net debt/(cash) including lease liabilities		0.7	(0.8)	(2.2)	(0.3)	(4.2)	(11.0)	(14.5)
Property lease liabilities		1.1	1.2	1.0	1.3	1.0	0.9	0.9
Closing net debt/(cash)		(0.4)	(2.0)	(3.1)	(1.6)	(5.2)	(11.9)	(15.4)

Source: Filtronic, Edison Investment Research

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