

Filtronic

Largest contract yet from SpaceX

Contract win

Tech hardware and equipment

12 June 2025

Following on from the expanded strategic agreement signed with SpaceX in March, Filtronic has received its largest ever order from the company worth \$32.5m/£24.0m. This is a follow-on order for solid state power amplifiers (SSPAs) for use in the Starlink satellite network and triggers the vesting of warrants worth another 5% of shares. FY26 revenue looks increasingly supported by confirmed orders and we upgrade our forecast by 8%, although we maintain our EBITDA forecast on the expectation that incremental gross profit will be reinvested in the business. The company is building on its strong position with SpaceX by broadening its customer base in the space market, and is also building its presence in other strategic growth markets such as aerospace and defence.

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
5/24	25.4	4.9	3.4	1.43	0.00	97.2	N/A
5/25e	54.9	16.1	14.1	5.78	0.00	24.0	N/A
5/26e	54.1	9.9	7.4	2.70	0.00	51.5	N/A

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

Largest contract to date from SpaceX

Filtronic has just received its largest order yet from SpaceX. This is a follow-on order worth \$32.5m/£24.0m for the supply of E-band Cerus 32 SSPAs for use in Starlink satellite ground stations, with the majority due for delivery in FY26. This satisfies the performance conditions for the Tranche 3 warrants (see [March note](#)), meaning that 10,949,079 warrants have vested, equivalent to 5% of outstanding shares. This takes the total number of warrants vested to 21.8m/10% of outstanding shares.

Upgrading FY26 revenue forecast

Management believes it will exceed current revenue expectations for FY26. We have upgraded our FY26 revenue forecast by 8% to £54m. The company notes that given the cadence of orders received, it continues to invest in its technology roadmap across a range of products, given the sizeable market opportunity. We therefore maintain our FY26 EBITDA forecast and reduce our end-FY26 net cash forecast by 18% to £12.7m to reflect this investment. The additional vested warrants reduce our diluted normalised EPS forecast for FY26 by 4.3%.

Valuation: Factoring in sustained 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 16.5% per year for FY27–34e, with an average EBITDA margin of 25.3% 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.

Price	139.00p
Market cap	£304m
Net cash/(debt) at end H125 (including PPE lease liabilities)	£5.1m
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	17.8	33.7	120.6
52-week high/low		146.0p	59.0p

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 results	End July 2025
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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	54.9	54.9	0.0%	116.0%	50.0	54.1	8.2%	-1.5%
EBITDA	16.1	16.1	0.0%	229.7%	9.9	9.9	0.1%	-38.7%
EBITDA margin	29.3%	29.3%	0.0pp	10.1pp	19.8%	18.3%	-1.5pp	-11.1pp
Normalised operating profit	14.2	14.2	0.0%	287.4%	7.5	7.5	0.1%	-46.8%
Normalised operating margin	25.8%	25.8%	0.0pp	11.4pp	15.1%	13.9%	-1.1pp	-11.9pp
Reported operating profit	12.6	12.6	0.0%	248.1%	5.9	5.9	0.2%	-52.8%
Reported operating margin	22.9%	22.9%	0.0pp	8.7pp	11.8%	11.0%	-0.9pp	-11.9pp
Normalised PBT	14.1	14.1	0.0%	314.1%	7.4	7.4	0.1%	-47.7%
Reported PBT	12.5	12.5	0.0%	272.3%	5.8	5.8	0.2%	-53.9%
Normalised net income	13.6	13.6	0.0%	327.0%	6.7	6.7	0.1%	-51.0%
Reported net income	12.0	12.0	0.0%	282.4%	5.1	5.1	0.2%	-57.8%
Normalised basic EPS (p)	6.24	6.24	0.0%	323.7%	3.04	3.05	0.1%	-51.2%
Normalised diluted EPS (p)	5.78	5.78	0.0%	304.2%	2.82	2.70	-4.3%	-53.3%
Reported basic EPS	5.51	5.51	0.0%	279.4%	2.31	2.32	0.2%	-58.0%
Net debt/(cash)	(11.9)	(11.9)	0.0%	130.0%	(15.4)	(12.7)	-17.6%	6.6%

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	54.1
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)								
		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	3.05
EPS - normalised fully diluted (p)		0.05	0.14	0.53	0.06	1.43	5.78	2.70
EPS - basic reported (p)		(0.25)	0.03	0.68	0.22	1.45	5.51	2.32
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	15.7
Intangible Assets		1.8	1.7	1.5	1.8	2.3	2.8	3.7
Tangible Assets		3.8	3.3	3.0	4.3	4.9	10.0	11.0
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	37.0
Stocks		2.9	2.2	2.6	2.8	3.3	4.5	5.9
Debtors		4.8	3.3	4.5	5.3	6.6	12.9	14.1
Cash & cash equivalents		2.0	2.9	4.0	2.6	7.2	16.5	17.0
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)	(12.7)
Creditors		(3.5)	(2.4)	(3.0)	(3.7)	(5.4)	(12.4)	(10.9)
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)	(4.1)
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	5.1
Capex (including capitalised R&D)		(1.2)	(0.4)	(0.3)	(1.5)	(1.6)	(4.3)	(3.4)
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	1.5
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)	(11.8)
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)	(12.7)

Source: Filtronic, Edison Investment Research

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