

Filtronic

Positive year-end trading update

FY25 trading update

Filtronic's year-end trading update confirmed that the company closed the year with revenue and EBITDA slightly above our forecasts for FY25 and that the order book and pipeline support market expectations for FY26. With investment made in FY25 and ongoing in FY26 to support higher production volumes, product development and customer account management, the company is making good progress with its strategy of expanding its customer base, particularly in the space and aerospace and defence markets.

Year end	Revenue (£m)	Adj. 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	105.6	N/A
5/25e	56.3	16.6	14.6	5.99	0.00	25.2	N/A
5/26e	54.1	9.9	7.4	2.70	0.00	56.0	N/A

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

FY25 revenue +120%, adjusted EBITDA +239%

Filtronic expects to report FY25 revenue of £56.3m (our previous forecast £54.9m) and adjusted EBITDA of at least £16.6m (our previous forecast £16.1m), with delivery of production orders to SpaceX the key driver of growth. Cash at year-end was £14.5m with net cash (which excludes property leases) of £12.3m, slightly above our £11.9m forecast. We have revised up our FY25 forecasts to match the expected results and leave FY26 forecasts unchanged.

Expanding pipeline supports forecasts for FY26

Management notes that the order book provides significant order coverage going into FY26 and, coupled with a growing pipeline, positions the company well to meet market expectations for FY26. A new V-band amplifier (Prometheus) was recently launched, and the company is seeing encouraging results from the development of chipsets at new frequency bands, estimating that some of these developments will be ready by Q1 CY26. Pipeline opportunities include products for geostationary (GEO) and medium Earth orbit (MEO) satellites in addition to the existing strong position in the low Earth orbit (LEO) market.

Valuation: Factors 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 18.9% 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.

Tech hardware and equipment

26 June 2025

Price 151.00p

Market cap £331m

Net cash/(debt) at end FY25 (excludes property leases) £12.3m

Shares in issue 219.0m

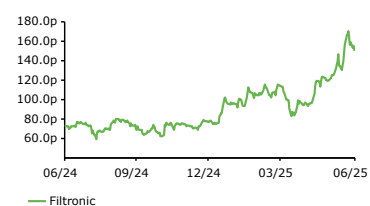
Free float 70.9%

Code FTC

Primary exchange AIM

Secondary exchange N/A

Share price performance



%	1m	3m	12m
Abs	24.3	33.6	125.4
52-week high/low		173.0p	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 29 July

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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	56.3	2.5%	121.3%	54.1	54.1	0.0%	-3.8%
EBITDA	16.1	16.6	3.0%	239.7%	9.9	9.9	0.0%	-40.5%
EBITDA margin	29.3%	29.5%	0.2pp	10.3pp	18.3%	18.3%	0.0pp	-11.3pp
Normalised operating profit	14.2	14.7	3.5%	300.8%	7.5	7.5	-0.1%	-48.6%
Normalised operating margin	25.8%	26.0%	0.3pp	11.7pp	13.9%	13.9%	0.0pp	-12.1pp
Reported operating profit	12.6	13.1	3.9%	261.7%	5.9	5.9	-0.1%	-54.6%
Reported operating margin	22.9%	23.2%	0.3pp	9.0pp	11.0%	11.0%	0.0pp	-12.2pp
Normalised PBT	14.1	14.6	3.5%	328.5%	7.4	7.4	-0.1%	-49.5%
Reported PBT	12.5	13.0	3.9%	286.9%	5.8	5.8	-0.1%	-55.7%
Normalised net income	13.6	14.1	3.6%	342.4%	6.7	6.7	-0.1%	-52.7%
Reported net income	12.0	12.5	4.1%	298.0%	5.1	5.1	-0.1%	-59.5%
Normalised basic EPS (p)	6.24	6.47	3.6%	338.9%	3.05	3.05	-0.1%	-52.9%
Normalised diluted EPS (p)	5.78	5.99	3.6%	318.8%	2.70	2.70	-0.1%	-55.0%
Reported basic EPS	5.51	5.73	4.1%	294.9%	2.32	2.31	-0.1%	-59.7%
Net debt/(cash)	(11.9)	(12.3)	3.3%	137.5%	(12.7)	(12.7)	-0.1%	3.1%

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	56.3	54.1
EBITDA		1.2	1.8	2.8	1.3	4.9	16.6	9.9
Operating profit (before amort. and excepts.)		0.4	0.6	1.6	0.2	3.7	14.7	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	13.1	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	14.6	7.4
Profit Before Tax (reported)		(0.4)	0.2	1.9	0.1	3.4	13.0	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	14.1	6.7
Profit After Tax (reported)		(0.5)	0.1	1.5	0.5	3.1	12.5	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	14.1	6.7
Net income (reported)		(2.0)	0.1	1.5	0.5	3.1	12.5	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	6.47	3.05
EPS - normalised fully diluted (p)		0.05	0.14	0.53	0.06	1.43	5.99	2.70
EPS - basic reported (p)		(0.25)	0.03	0.68	0.22	1.45	5.73	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	16.2
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	11.5
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	35.2	37.0
Stocks		2.9	2.2	2.6	2.8	3.3	4.6	5.9
Debtors		4.8	3.3	4.5	5.3	6.6	13.3	14.1
Cash & cash equivalents		2.0	2.9	4.0	2.6	7.2	16.9	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)	(14.5)	(12.7)
Creditors		(3.5)	(2.4)	(3.0)	(3.7)	(5.4)	(12.7)	(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	30.8	36.1
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	30.8	36.1
CASH FLOW								
Op Cash Flow before WC and tax		1.2	1.8	2.8	1.3	4.9	16.6	9.9
Working capital		(1.7)	1.1	(0.8)	(0.4)	1.5	(1.7)	(4.0)
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	14.4	5.2
Capex (including capitalised R&D)		(1.2)	(0.4)	(0.3)	(1.5)	(1.6)	(4.3)	(3.9)
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	10.1	1.1
Opening net debt/(cash)		(2.0)	0.7	(0.8)	(2.2)	(0.3)	(4.2)	(11.4)
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)	(11.4)	(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)	(12.3)	(12.7)

Source: Filtronic, Edison Investment Research

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