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Concurrent Technologies

Tech hardware and equipment

15 September 2025

Platform for sustainable growth

Concurrent's interims showed encouraging momentum despite headwinds, underlined by management's confidence that FY25 financial performance will be ahead of consensus. We believe that management is establishing a platform for sustaining long-term growth, supported by growth of the Systems business, new products, deepening relationships with tier one prime contractors and capacity expansion. With the Systems business now clicking into gear, further acquisitions could accelerate this growth. While the shares have a growth rating, we believe this is a business with a platform, plan and ambition to scale up a number of times over.

Strong performance, upgrades despite headwinds

Concurrent's H125 results confirmed revenue growth of 26% y-o-y to £21.1m, EBITDA growth of 21% to £4.0m and EPS growth of 4%. Order intake was up 25% to £22.3m, despite delays in US defence orders due to delayed budget approval. Product revenue was 10% higher at £17.9m while the Systems business is now hitting its stride, up 540% to £3.2m. While investment in growth is slightly suppressing profitability growth (operating profit +17% y-o-y to £2.7m) and cash generation (cash at H125 was £7.8m, down 12% y-o-y), we believe a healthy balance between growth and returns is being maintained.

Building a business for significantly larger scale

Management continues to build a platform for sustained growth (see recent Concurrent Executive Interview). H2 will be supported by the strong order book and a more positive US environment. Strong design win momentum (estimated at £90m over H1, plus a record £4m UK contract in September) supports mid-term prospects. Management anticipates a 'significant revenue and profit increase' in 2026, and we see strong indicators that momentum could be sustained beyond that. The Systems business is expected to remain on a strong growth trajectory while supporting larger, strategic engagements with prime contractors, as should the launch of new manufacturing and systems facilities. The company's expanded product offering, particularly the Kratos VPX processing card, is attracting strong interest. Further acquisitions could expand the capability set and accelerate growth.

Valuation: Growth rating well deserved

Concurrent's FY26 P/E of 25x (upgraded) consensus earnings is a growth rating, but not an extravagant one, and there is scope for further upgrades. We believe management is building a platform to deliver sustained strong growth with the potential to scale a number of times over. Execution to this point is hard to fault.

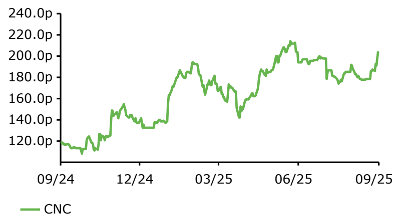
Consensus estimates

Year end	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
12/24	40.3	7.8	5.2	5.20	1.10	39.0	0.5
12/25e	46.0	9.4	6.2	6.90	1.15	29.4	0.6
12/26e	52.0	11.2	8.0	8.10	1.20	25.1	0.6
12/27e	60.0	13.7	9.7	9.70	1.30	20.9	0.6

Source: LSEG Data & Analytics. EBITDA, PBT and EPS are adjusted

Price	**203.00p**
Market cap	**£165m**

Share price performance



Share details

Code	CNC
Listing	AIM
Shares in issue	86.5m
Net cash at 30 June 2025	£7.8m

Business description

Concurrent Technologies is a designer and manufacturer of leading-edge computer products, and solutions for high-performance, mission-critical applications, particularly defence.

Bull points

- Strong track record of financial performance and execution.
- Lead indicators suggest strong performance will continue.
- Rising defence budgets in Europe.

Bear points

- Exposure to budget and project delays.
- Geopolitical uncertainty and tariffs add a level of unpredictability.
- Rapid growth of the Systems business, with lower margins adds a level of unpredictability to margin progression

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