EDISON

Filtronic

FY26 results

Foundations in place for growth

Tech hardware and equipment

5 August 2026

Filtronic's FY26 results were broadly in line with our recently upgraded estimates. During the year, the company diversified its customer base and invested to ensure the business is able to scale to meet its customers' technology and production requirements. Filtronic is seeing a growing proportion of multi-year programmes and repeat business, resulting in good visibility entering FY27. We maintain our FY27 revenue forecast, which factors in modest growth, before factoring in accelerating growth in FY28 as we expect the wider customer base to place larger production orders.

Year end	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
5/25	56.3	17.0	15.1	6.83	0.00	34.1	N/A
5/26	55.5	11.3	8.1	3.47	0.00	67.1	N/A
5/27e	59.6	11.8	5.4	1.64	0.00	N/A	N/A
5/28e	75.1	15.2	8.6	2.72	0.00	85.6	N/A

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

FY26: Building a scalable platform

Filtronic reported relatively flat revenue for FY26, with underlying organic growth of 6%. Adjusted EBITDA of £11.3m (20% margin) was lower than in FY25 as the company continued to invest in scaling the business. This included moving to the new production facility, supporting the product roadmap (ie extending into higher frequency bands, providing system solutions, developing standard products) and investing in programme management and business development. This was all self-funded and the company closed FY26 with cash of £12.9m.

FY27: Good visibility, ramping GaN production

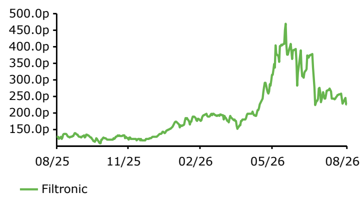
Filtronic started FY27 with good visibility, having an order book that covered 90% of FY27 consensus revenue (now closer to 95%). Due to the transition of production from gallium arsenide (GaAs) to gallium nitride (GaN), revenue is likely to be H2 weighted. We maintain our FY27 revenue and adjusted EBITDA forecasts, while operating profit and cash are lower due to higher amortisation and capex. We introduce forecasts for FY28, with revenue growth of 26% and an adjusted EBITDA margin of 20%, based on newer space customers and existing aerospace and defence customers placing production orders.

Valuation: Wider product range supports growth

The share price has been extremely volatile year-to-date, halving from its peak in April but still up 32% so far this year. Performing a reverse discounted cash flow valuation with a weighted average cost of capital of 8.5%, the current share price implies revenue growth of 21% per year for FY29–36e, with an average EBITDA margin of 23.5% over that period. In our view, the SpaceX relationship, the widening customer base and product range in the space market, and the growing penetration of the aerospace and defence market all provide avenues for sustainable growth.

Price	**233.00p**
Market cap	**£512m**
Net cash/(debt) at end FY26 excluding property lease liabilities	£10.8m
Shares in issue	219.9m
Free float	70.9%
Code	FTC
Primary exchange	AIM
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	(13.1)	(33.4)	57.4
52-week high/low		475.0p	114.5p

Business description

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

Next events

AGM	October

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Edison profile page

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Update on growth strategy

Filtronic's strategy is based on developing technologies that solve the most difficult radio frequency (RF) engineering challenges, building deep partnerships with world-class customers and continually investing ahead of demand. The company has put in place a five-year growth plan, and we discuss progress with each of the main elements below.

Technology and product roadmap

New facility up and running

The transfer of production to the new Sedgefield facility is complete. The facility covers 44,000 sq ft incorporating both manufacturing and office space. Management estimates that the facility can support manufacturing for revenues of £200m+. Additional manufacturing lines can be added for c £750k to support revenue generation of £10–15m.

R&D supports multiple projects

R&D spend was 17% of FY26 revenue, up from 12% in FY25, with key areas being product development for ground station and payload satellite applications, and aerospace and defence. In the longer term, the company is targeting spend nearer to 13% of revenue but in FY26, management was comfortable spending at a higher level to ensure it can exploit the current market opportunity. Filtronic works with its largest customers to develop custom solutions for them but also has a range of standard products that can be sold as needed.

Continued expansion into high-frequency spectrum bands

The company continues to expand into higher frequencies, with development activity across V-band, W-band and D-band expanding the addressable market.

The development of **V-band** products enables Filtronic to target the mid-Earth orbit (MEO) and geostationary Earth orbit (GEO) markets, which require much higher power products to support communications over a much longer distance (low Earth orbit (LEO) altitude 160–2,000km, MEO 2,000–35,786km, GEO 35,786km). During the year, the company sampled its first 200W V-band solid state power amplifier (SSPA) system, offering a world-leading power output for a solid state product. The V-band market currently relies on travelling wave tube amplifiers (TWTAs). TWTA technology offers high power output in a lightweight design, but is complex to manufacture and has a shorter lifespan than an SSPA. SSPAs have previously not been able to match the power output of TWTAs, but this is changing and SSPAs offer better power linearity. Management believes that its experience of high-volume manufacturing of E-band SSPAs positions it well to compete against the incumbent technology. The company estimates that the V-band ground station SSPA market could be worth $3bn over the next 10 years. While the volume of products required for the GEO market is much smaller, each individual product is worth much more. For example, a V-band TWTA for GEO sells for c $250–300k.

The company has also successfully developed **W-band** technology, from which it generated initial revenue in FY26.

In H226, Filtronic won a contract from the UK Space Agency to develop a 550W **Ka-band** SSPA. As for the V-band products described above, this would also replace TWTA technology and provide access to the wider LEO and MEO markets. Being able to support Ka-band technology is crucial to winning multi-band contracts.

The timing of development and production by frequency band:

- FY27: E-band GaN in volume deployment; release of first high power V-band standard product; system manufacturing capabilities established.
- FY28: V-band GaN in volume deployment; first Ka-band products ready for production; sub-systems move into production.
- FY29: W-band GaN in volume deployment.

Key customer and strategic customer relationship development

During FY26, the company added new customers in the space sector and won new orders from an existing defence prime. The contribution from SpaceX reduced from 83% of revenue in FY25 to 68% in FY26, highlighting the wider spread of customers. The next largest customer, a telecoms business, contributed 10% of revenue followed by a defence customer contributing 8%. The contribution from space customers other than SpaceX increased 193% y-o-y.

The SpaceX relationship remains strong, with the company receiving its largest-ever order in August 2025, worth $62.5m, to develop GaN-based E-band SSPAs for delivery in FY27 and FY28 (delivery has already started). The company expects the contribution from SpaceX to fall to nearer 55% of FY27 revenue as other customers make a larger contribution.

In the space market, the company is now working with five major players: SpaceX, Airbus/OneWeb, Viasat and two unnamed customers. This includes the November 2025 contract to supply €7m worth of RF assemblies for use in a LEO satellite constellation and the two contracts with an unnamed US satellite manufacturer (March 2026 and June 2026) worth $8.4m in total.

In the defence market, the company received a £13.4m order to supply high-performance modules to a defence prime. Defence customers typically place orders further in advance to ensure all long-lead time materials are secured for production and Filtronic typically expects customers to fund the inventory build, which partly explains the £7.7m increase in deferred income compared to end-FY25.

As well as diversification of customers across end markets, the company is looking at geographic expansion. It recently entered into a non-binding memorandum of understanding (MoU) with Marubun Corporation, a Japanese electronics manufacturer. As part of the MoU, Marubun will provide an established route to market, identifying and evaluating emerging business opportunities and technology trends within Japan. Marubun will also support the growth of Filtronic's brand presence in the region, facilitating engagement with key industry stakeholders, prospective partners and customers to accelerate market entry and long-term business development. Relationships Filtronic is currently nurturing with Asian customers could lead to revenue contributions in the next two years.

Must-win projects across sectors

The company has revamped its programme management to ensure successful handling of multiple projects in parallel. It is now working on c 35 projects, up from c 20 at interims. The company also established a bid management function to ensure it can respond to RFQs on a timely basis.

In December 2025, it received authorisation to proceed with a contract to supply high-performance active components for a major European defence prime, and has won orders from four other space customers in FY26. The announcement of an initial contract with a US-based customer in March to develop and qualify a high-performance amplifier system for satellite ground stations followed by another contract award from the same customer to design a high frequency transmit/receive (Tx/Rx) module for on-satellite provides potential for high volume production in the medium term.

Moving up the value chain

Towards the end of 2024, Filtronic established a systems team in Cambridge to support the company in expanding from pure component supply to full system design. The team now has multiple developments underway, including working on a high-power 400W V-band solution. The company is planning to expand the Cambridge facility to provide capacity for headcount of c 70, up from the original c 20 level.

Review of FY26 results

Filtronic reported FY26 revenue of £55.5m, 1.4% below the prior-year record of £56.3m and in line with our forecast. Excluding the £3.5m SpaceX warrant amortisation (which was £1.3m in FY25) and a £2.0m fx headwind from the weaker US dollar, underlying organic revenue was 6% higher y-o-y. Customer concentration also reduced, with SpaceX accounting for 68% of group revenue compared with 83% in FY25.

Adjusted EBITDA of £11.3m was 1.6% ahead of our forecast, while the adjusted EBITDA margin fell by 9.9pp to 20.3%. The reduction reflected a softer gross margin from a deliberate pricing strategy to secure higher volumes, as well as a 19% increase in operating costs to £25.1m as Filtronic invested in engineering, business development, bid management and manufacturing capacity. Headcount increased from 186 to 236 and R&D cash spend rose from £6.7m to £9.3m. The company also benefited from an R&D tax credit of £1.2m, which is netted off in operating costs. Normalised operating profit and normalised PBT were 4.2% and 3.2% ahead of our forecasts respectively. Normalised diluted EPS was 18.3% above our forecast, benefiting from a tax credit as previous tax losses were recognised.

Cash generated from operations remained strong at £11.8m, with a high year-end debtor balance from strong Q4 sales offset by higher deferred income as certain customers funded contracts up front. Capex increased from £4.0m to £10.3m, mainly reflecting the new Sedgefield facility and additional test and production equipment. The company capitalised around 25% of R&D spend (£2.3m). A net cash outflow of £1.6m resulted in year-end cash down 11% to £12.9m. After all lease liabilities the company closed the year with net cash of £7.3m. Adding back property leases worth £3.5m (the company took out a 10-year lease on the new facility for c £2.4m), net cash at year-end was £10.8m.

Exhibit 1: FY26 results highlights

£m	FY25a	FY26e	FY26a	Diff	y-o-y
Revenues	56.3	55.5	55.5	0.0%	-1.4%
Adjusted EBITDA	17.0	11.1	11.3	1.6%	-33.8%
Adjusted EBITDA margin	30.2%	19.9%	20.3%	0.3pp	-9.9pp
Normalised operating profit	15.2	8.0	8.3	4.2%	-45.2%
Normalised operating margin	26.9%	14.4%	15.0%	0.6pp	-11.9pp
Reported operating profit	13.4	4.0	4.0	0.0%	-70.5%
Reported operating margin	23.9%	7.1%	7.2%	0.0pp	-16.7pp
Normalised PBT	15.1	7.9	8.1	3.2%	-46.4%
Reported PBT	13.4	3.8	3.8	-2.3%	-71.9%
Normalised net income	15.9	7.2	8.9	24.4%	-43.9%
Reported net income	14.0	3.1	4.6	44.7%	-67.6%
Normalised basic EPS (p)	7.24	3.26	4.05	24.2%	-44.1%
Normalised diluted EPS (p)	6.83	2.93	3.47	18.3%	-49.2%
Reported basic EPS	6.42	1.44	2.07	44.5%	-67.7%
Net debt/(cash)	(12.3)	(11.3)	(10.8)	-4.0%	-12.0%

Source: Filtronic, Edison Investment Research

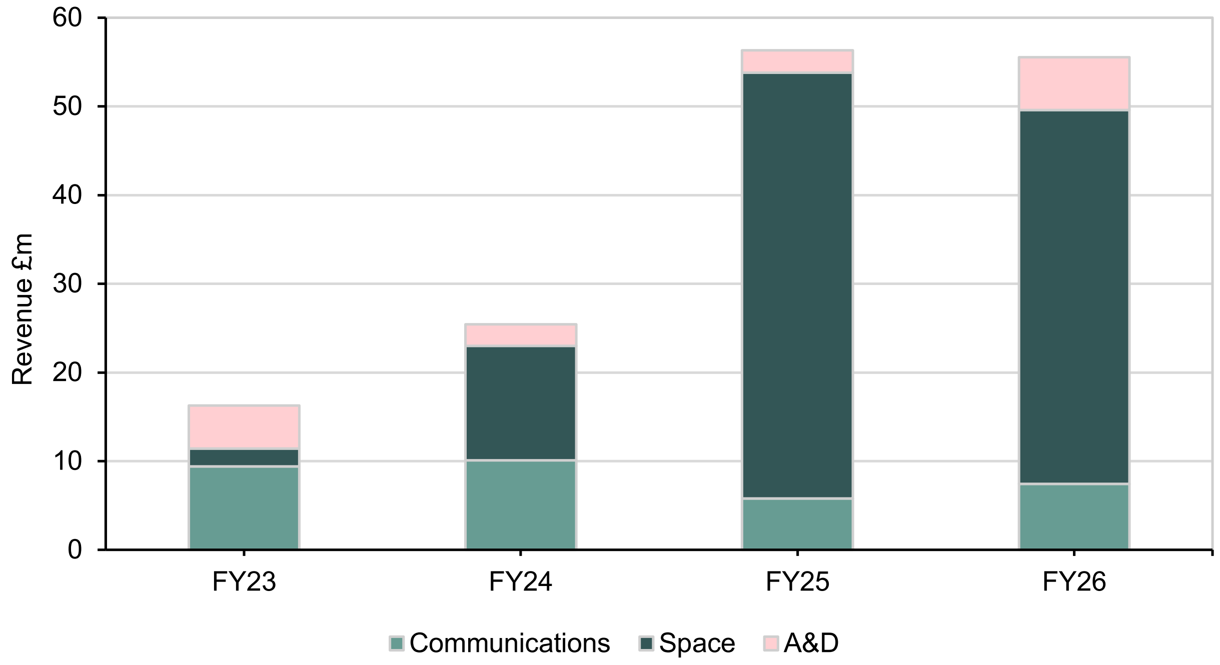
Focused on space and aerospace and defence markets

The company has deliberately moved away from its original telecom market focus into the higher-potential space and aerospace and defence markets. Serving the telecom market enabled Filtronic to develop its advanced RF technology, and this is now being repurposed for markets with more specialist requirements where the company can earn better margins, sign longer-term contracts and gain better visibility. Exhibit 2 shows the revenue split by end market over the last four years and highlights the change in focus.

- **Space (76% of FY26 revenue):** revenue declined 12% y-o-y, mainly reflecting the price breaks given to the largest customer to ensure continued high volumes.
- **Aerospace and defence (11%):** revenue increased by 136% y-o-y, reflecting the contract to supply airborne radar systems to its lead defence customer. Management believes revenue from this market could double again in FY27.
- **Communications (13%):** revenue increased 28% y-o-y, mainly due to end-of-life business with its P25 customer in the US. Management expects revenue from this segment to remain stable. It is happy to serve customers in this market with existing technology but does not expect to focus any R&D on this market.

Key growth drivers for Filtronic's target markets include the rapid growth in satellite communications, increases in defence spending, growing demand for secure, high-capacity communications infrastructure, and the convergence of space and defence sectors when it comes to communications requirements.

Exhibit 2: Revenue by end market



Source: Filtronic

Outlook and changes to forecasts

As highlighted in the June trading update, at the start of FY27 the company had an order backlog covering 90% of FY27 consensus revenue (ie £56.3m out of £62.5m), and the board remains confident of delivering FY27 results in line with market expectations. Management noted that coverage now stands at 95%. As the company transitions from manufacturing on GaAs to GaN, revenue is expected to be second-half weighted. The company refinanced its revolving credit facility in the year, lifting it from a £5m to a £10m three-year facility. Currently unused, this provides flexibility to support growth.

We maintain our FY27 revenue and adjusted EBITDA forecasts. We have increased our capex forecast for FY27 reflecting investment in test equipment for new frequency bands and have increased the level of amortisation of capitalised development costs to £3m per annum. This results in a reduction to our normalised operating profit, EPS and net cash forecasts for FY27. For FY28, we introduce a forecast for revenue growth of 26%, supported by increasing volumes from newer space customers and existing aerospace and defence customers. While the company has not provided any data on order book coverage for FY28, we estimate from recent contract announcements that there is coverage of around 50% of our forecast at this point in time. We assume the company maintains a 20% adjusted EBITDA margin, although management did confirm that it was keen to expand this as revenues grow.

Exhibit 3: Changes to forecasts

£m	FY27e old	FY27e new	Change	y-o-y	FY28e new	y-o-y
Revenues	59.6	59.6	0.0%	7.3%	75.1	26.0%
Adjusted EBITDA	11.8	11.8	0.0%	4.7%	15.2	29.1%
Adjusted EBITDA margin	19.8%	19.8%	0.0pp	-0.5pp	20.3%	0.5pp
Normalised operating profit	7.9	5.8	-26.1%	-29.8%	9.1	55.3%
Normalised operating margin	13.2%	9.8%	-3.5pp	-5.2pp	12.1%	2.3pp
Reported operating profit	6.1	4.0	-33.8%	1.5%	8.6	112.4%
Reported operating margin	10.2%	6.8%	-3.5pp	-0.4pp	11.4%	4.6pp
Normalised PBT	7.8	5.4	-30.4%	-33.4%	8.6	59.8%
Reported PBT	6.0	3.6	-39.6%	-4.4%	8.1	126.0%
Normalised net income	6.6	4.2	-36.0%	-52.8%	7.0	66.4%
Reported net income	4.8	2.4	-49.6%	-47.5%	6.6	174.8%
Normalised basic EPS (p)	2.98	1.91	-36.0%	-52.9%	3.17	66.4%
Normalised diluted EPS (p)	2.68	1.64	-39.1%	-52.9%	2.72	66.4%
Reported basic EPS	2.16	1.09	-49.6%	-47.5%	2.99	174.8%
Net debt/(cash)	(11.6)	(4.6)	-60.0%	-57.3%	(6.3)	36.6%

Source: Edison Investment Research

Exhibit 4: Financial summary

Year end May	£m	2022	2023	2024	2025	2026	2027e	2028e
INCOME STATEMENT								
Revenue		17.1	16.3	25.4	56.3	55.5	59.6	75.1
EBITDA		2.8	1.3	4.9	17.0	11.3	11.8	15.2
Operating profit (before amort. and excepts.)		1.6	0.2	3.7	15.2	8.3	5.8	9.1
Amortisation of acquired intangibles		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals		0.4	0.0	0.0	(1.3)	(3.5)	(1.3)	0.0
Reported operating profit		2.0	0.2	3.6	13.4	4.0	4.0	8.6
Net Interest		(0.1)	(0.2)	(0.2)	(0.1)	(0.2)	(0.4)	(0.4)
Exceptionals		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit Before Tax (norm)		1.5	0.1	3.4	15.1	8.1	5.4	8.6
Profit Before Tax (reported)		1.9	0.1	3.4	13.4	3.8	3.6	8.1
Reported tax		(0.4)	0.4	(0.2)	0.7	0.8	(1.2)	(1.5)
Profit After Tax (norm)		1.2	0.1	3.2	15.9	8.9	4.2	7.0
Profit After Tax (reported)		1.5	0.5	3.1	14.0	4.6	2.4	6.6
Discontinued operations		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (normalised)		1.2	0.1	3.2	15.9	8.9	4.2	7.0
Net income (reported)		1.5	0.5	3.1	14.0	4.6	2.4	6.6
Average Number of Shares Outstanding (m)		214.7	215.1	216.3	218.9	219.8	219.9	219.9
EPS - normalised (p)		0.54	0.07	1.47	7.24	4.05	1.91	3.17
EPS - normalised fully diluted (p)		0.53	0.06	1.43	6.83	3.47	1.64	2.72
EPS - basic reported (p)		0.68	0.22	1.45	6.42	2.07	1.09	2.99
Dividend (p)		0.00	0.00	0.00	0.00	0.00	0.00	0.00
BALANCE SHEET								
Fixed Assets		5.4	7.4	9.5	15.6	27.7	35.5	36.2
Intangible Assets		1.5	1.8	2.3	3.5	5.4	5.7	6.1
Tangible Assets		3.0	4.3	4.9	9.1	19.4	27.0	27.3
Investments & other		0.9	1.3	2.3	3.1	2.8	2.8	2.8
Current Assets		11.1	10.7	18.3	34.2	37.5	25.4	31.3
Stocks		2.6	2.8	3.3	4.0	3.9	4.9	6.2
Debtors		4.5	5.3	6.6	12.2	19.4	14.7	18.5
Cash & cash equivalents		4.0	2.6	7.2	14.5	12.9	5.8	6.6
Other		0.0	0.0	1.3	3.5	1.3	0.0	0.0
Current Liabilities		(4.0)	(4.8)	(8.2)	(11.6)	(19.9)	(13.5)	(14.0)
Creditors		(3.0)	(3.7)	(5.4)	(9.1)	(8.9)	(8.5)	(11.0)
Short term borrowings including lease liabilities		(0.5)	(0.6)	(0.9)	(1.1)	(1.4)	(1.4)	(1.4)
Other		(0.5)	(0.5)	(1.9)	(1.4)	(9.6)	(3.6)	(1.6)
Long-Term Liabilities		(1.4)	(1.7)	(2.3)	(2.8)	(4.4)	(3.5)	(2.6)
Long-term borrowings including lease liabilities		(1.3)	(1.7)	(2.1)	(2.6)	(4.2)	(3.3)	(2.4)
Other long-term liabilities		(0.1)	(0.0)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)
Net Assets		11.0	11.5	17.4	35.4	40.9	43.8	50.9
Minority interests		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' equity		11.0	11.5	17.4	35.4	40.9	43.8	50.9
CASH FLOW								
Op Cash Flow before WC and tax		2.8	1.3	4.9	17.0	11.3	11.8	15.2
Working capital		(0.8)	(0.4)	1.5	(3.1)	0.5	(2.6)	(4.6)
Exceptional & other		0.3	0.0	0.0	0.0	0.0	0.0	0.0
Tax		0.0	0.0	(0.0)	(0.0)	0.0	(1.2)	(1.5)
Operating Cash Flow		2.3	0.9	6.3	13.8	11.8	7.9	9.1
Capex (including capitalised R&D)		(0.3)	(1.5)	(1.6)	(5.8)	(12.8)	(13.2)	(6.4)
Acquisitions/disposals		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net interest		(0.2)	(0.2)	(0.2)	(0.1)	(0.2)	(0.4)	(0.4)
Equity financing		0.0	0.0	0.1	0.1	0.1	0.0	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		1.9	(0.8)	4.6	8.1	(1.1)	(5.7)	2.2
Opening net debt/(cash)		(0.8)	(2.2)	(0.3)	(4.2)	(10.8)	(7.3)	(1.0)
FX		0.0	0.0	0.0	(0.0)	0.0	0.0	0.0
Other non-cash movements		(0.5)	(1.1)	(0.7)	(1.4)	(2.4)	(0.5)	(0.5)
Closing net debt/(cash) including lease liabilities		(2.2)	(0.3)	(4.2)	(10.8)	(7.3)	(1.0)	(2.7)
Property lease liabilities		1.0	1.3	1.0	1.5	3.6	3.6	3.6
Closing net debt/(cash)		(3.1)	(1.6)	(5.2)	(12.3)	(10.8)	(4.6)	(6.3)

Source: Filtronic, Edison Investment Research

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