

# ÅAC Microtec

Fuelling up for growth

Rights issue

Aerospace and defence

18 April 2019

**Price** **SEK6.75**

**Market cap** **SEK464m**

SEK9.32/US\$1

Net debt (SEKm) at 31 December 2018 11.0

Shares in issue (pre rights issue) 68.7m

Free float 71%

Code AAC

Primary exchange Nasdaq FN Premier

Secondary exchange N/A

## Share price performance



## Business description

Based in Sweden, ÅAC Microtec is a world leader in nanosatellite end-to-end solutions, subsystems and platforms after merging with Clyde Space in Scotland. The merged company also supplies a range of technology components to other small satellite manufacturers globally.

## Analyst

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ÅAC has announced a fund-raising of up to SEK82.5m before costs via a 2 for 5 rights issue at SEK3.0 per share. The company has obtained subscription commitments and underwriting guarantees for 81.9% of the issue, or SEK 67.5m, which should represent the minimum funding it will receive. The new funds significantly strengthen the balance sheet and should enable ÅAC to pursue both organic and inorganic growth opportunities as they arise. The company will report Q119 results on 8 May.

Year end	Revenue (SEKm)	PBT* (SEKm)	EPS* (SEK)	DPS (SEK)	P/E (x)	Yield (%)
12/17	13.3	(27.3)	(0.86)	0.0	N/A	N/A
12/18	77.9	(37.2)	(0.55)	0.0	N/A	N/A
12/19e	120.8	(8.5)	(0.12)	0.0	N/A	N/A
12/20e	200.4	27.5	0.36	0.0	18.8	N/A

Note: \*PBT and EPS are normalised, excluding amortisation of acquired intangibles and exceptional items. Clyde Space consolidated for 11 months in FY18. All pre rights issue.

The shares are being offered on a pre-emptive rights basis to existing shareholders at a 56% discount to last night's closing price (17 April). The company will seek approval at an EGM on 8 May 2019 with a prospectus due to be published on 17 May 2019. The subscription period and trading of rights will commence on 20 May 2019, with the outcome expected to be announced on 10 June 2019. Given the level of underwriting and guarantees, we do not envisage any major variation from this timetable. We will review our numbers once the result is known. If we assume little investment income from the new cash, the loss per share for FY19 would be reduced by c 24% given the increased weighted average share count, and the FY20 EPS would be reduced by c 29% to c SEK0.25. Clearly we expect the funds to facilitate future growth and higher returns, as ÅAC improves cash flow.

Opportunities in "New Space" will be varied and do not just involve M&A. The recent contract announced with ORBCOMM is an important case in point. ÅAC has undertaken to build, own and operate (BOO) two nanosatellites that will provide ORBCOMM with its desired data. ÅAC expects upfront funding from ORBCOMM to cover costs during the build phase. It is the first example of ÅAC providing a full satellite as a service capability.

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