Filtronic

FY25 results

Targeting growth and diversification

Tech hardware and equipment

8 August 2025

Filtronic more than doubled revenue in FY25, helped by its strategic relationship with SpaceX. This dropped through to a 248% increase in adjusted EBITDA, a 342% increase in basic reported EPS and a 136% increase in net cash. The company rapidly scaled manufacturing capacity and adapted other internal functions to meet customer demand and is investing to keep its product roadmap at the forefront of high-performance RF technology. The focus for the year ahead is to diversify the customer base, complete the relocation to a new manufacturing facility and exploit the growth opportunities in the space and defence markets.

Year end	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
5/24	25.4	4.9	3.4	1.43	0.00	95.2	N/A
5/25e	56.3	17.0	15.1	6.83	0.00	19.9	N/A
5/26e	54.1	10.1	6.3	2.31	0.00	59.0	N/A
5/27e	59.6	11.8	7.7	2.68	0.00	50.7	N/A

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

FY25 reflects step change in revenue

Filtronic ramped up the supply of product to SpaceX over the course of FY24 and FY25, which resulted in 280% growth in revenue from the space market in FY25 and group revenue growth of 121%. Manufacturing capacity expanded over the last year and in H126 the company is moving into a new facility, which should double capacity. The company invested across the business, strengthening the management team and adding engineering capability, with the cost base increasing 68% y-o-y to £21m. Adjusted EBITDA of £17.0m (margin 30%) was up 248% y-o-y and reported operating profit increased 272% to £13.4m. Cash increased 101% to £14.5m and, after PPE leases, increased 136% to £12.3m.

Exploiting the potential in space and defence

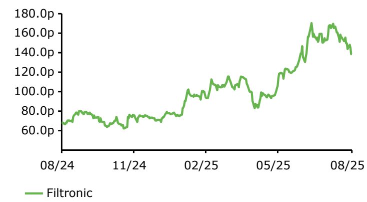
The company estimates that order intake in FY26 will be more diversified than in FY25, with a larger contribution from the defence market. The new five-year growth plan aims to exploit Filtronic's ability to provide high-capacity data links for communications in the space and defence markets. The company has been structured to target 'must-win' projects across these sectors with manufacturing and efficiency programmes in place to meet growing demand. We broadly maintain our FY26 revenue and EBITDA forecasts and factor in higher capex for the capacity expansion. For FY27, we forecast 10% revenue growth and a 20% adjusted EBITDA margin.

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 18.8% per year for FY28–35e, with an average EBITDA margin of 23.5% 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	**136.00p**
Market cap	**£298m**
Net cash at end FY25 (excludes property leases)	£12.3m
Shares in issue	219.1m
Free float	70.9%
Code	FTC
Primary exchange	AIM
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	(11.1)	19.3	103.0
52-week high/low		173.0p	61.5p

Business description

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

Next events

AGM	October 2025

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Edison profile page

Filtronic is a research client of Edison Investment Research Limited

Review of FY25 results

Filtronic reported FY25 revenue in line with our forecast, achieving growth of 121% y-o-y. This translated to a 248% increase in adjusted EBITDA, 2% ahead of our forecast. Both normalised and reported operating income were also slightly ahead of our forecast. Taking into account a tax credit of £0.7m (compared to our forecast for a charge of £0.5m), reported net income was 12% ahead of our forecast and normalised diluted EPS was 13% ahead. Net cash after PPE leases but before property leases was in line with our forecast.

Exhibit 1: FY25 results highlights

£m	FY24a	FY25e	FY25a	Diff	y-o-y
Revenues	25.4	56.3	56.3	0.1%	121.4%
Adjusted EBITDA	4.9	16.6	17.0	2.4%	247.9%
Adjusted EBITDA margin	19.2%	29.5%	30.2%	0.7pp	11.0pp
Normalised operating profit	3.7	14.7	15.2	3.4%	314.5%
Normalised operating margin	14.4%	26.0%	26.9%	0.9pp	12.5pp
Reported operating profit	3.6	13.1	13.4	2.9%	272.4%
Reported operating margin	14.2%	23.2%	23.9%	0.7pp	9.7pp
Normalised PBT	3.4	14.6	15.1	3.4%	343.2%
Reported PBT	3.4	13.0	13.4	3.0%	298.3%
Normalised net income	3.2	14.1	15.8	11.8%	394.5%
Reported net income	3.1	12.5	14.0	12.4%	347.3%
Normalised basic EPS (p)	1.47	6.47	7.20	11.4%	388.9%
Normalised diluted EPS (p)	1.43	5.99	6.79	13.3%	374.6%
Reported basic EPS	1.45	5.73	6.42	12.0%	342.1%
Net debt/(cash)	(5.2)	(12.3)	(12.3)	0.1%	135.6%

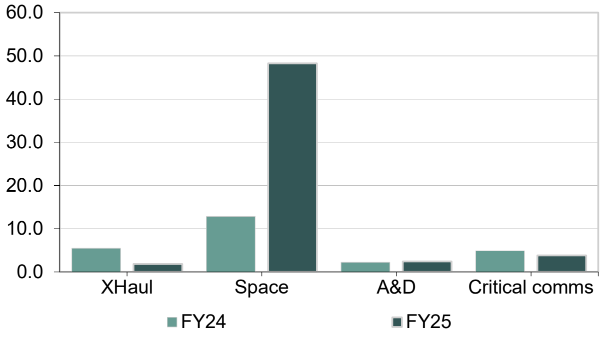
Source: Filtronic, Edison Investment Research

Space and defence the drivers of growth

The charts below show an approximate split of revenue by vertical. By market:

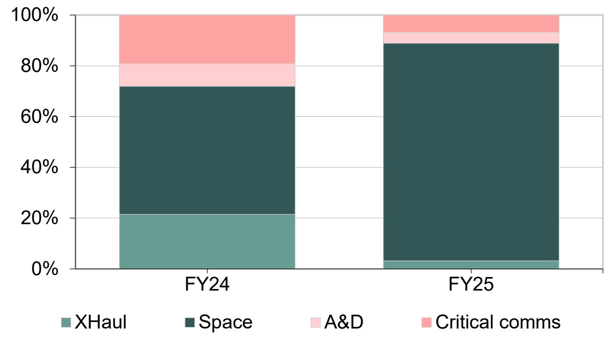
- **Space** (+280% y-o-y): the company noted that its largest customer, SpaceX, contributed 83% of FY25 revenue, up from 48% in FY24. The company has signed contracts with other customers in the space market (European Space Agency/Viasat, Eutelsat OneWeb/Airbus), although they only made a very small contribution in FY25. We expect these customers to contribute more material revenue in FY26 and beyond.
- **Aerospace & defence** (+9% y-o-y): previously announced contracts with BAE Maritime Systems and QinetiQ made a small contribution in FY25 but should make a more material contribution in FY26. The contract signed post year-end worth £13.4m is expected to contribute from FY27.
- **Critical communications** (-20% y-o-y): shipments to this customer normalised in FY25 after a catch-up in FY24 due to earlier supply chain constraints. Management expects revenue from this vertical to remain relatively flat.
- **XHaul** (-67%): the slowdown in the 5G market and continued excess inventory reduced demand from this sector in FY25. Management expects revenue to remain relatively flat.

Exhibit 2: Revenue by vertical (£m)



Source: Filtronic, Edison Investment Research

Exhibit 3: Revenue contribution by vertical



Source: Filtronic, Edison Investment Research

Management discussed its view that its three core sectors are converging – space, defence and communications. Many technologies developed for space have dual use, being suitable for both civilian and military applications. Ongoing conflicts, such as the war in Ukraine, highlight the growing importance of space in national security and defence. Having control over satellite communications is crucial for current warfare, for example to monitor troop movements or provide accurate positioning for drone technology.

The company outlined the key drivers it sees for medium-term growth:

- **Budget and market growth:** rapid growth of the satellite communications market and increasing spend on defence as governments increase the proportion of GDP devoted to military spending.
- **Infrastructure roll-out:** accelerating launch of satellites, particularly in low Earth orbit, and the related build-out of ground stations to manage communications to and from satellites.
- **Technology innovation:** shifting to higher-spectrum frequencies (V-band is the next technology for ground stations with expected roll-out over the next 10 years), move to designing in solid-state components (improves reliability and total cost of ownership) and the transition from gallium arsenide (GaAs) to gallium nitride (GaN) substrates, which can improve power outputs by as much as 20x.

Strategy to grow and diversify

Management reiterated that it is focused on diversifying the customer base and positioning the company to exploit high-growth opportunities. Filtronic recently developed a new five-year technology roadmap to stay at the forefront of high-performance RF technology and to ensure that it is aligned with customer need. Management is undertaking various measures to support growth and the new technology roadmap.

Strengthening the management team

Filtronic has expanded its leadership team; new hires include director of product engineering, chief commercial officer, director of programmes and general counsel. The commercial team was restructured to better align with prime contractors.

Upgrading and expanding facilities

In September 2024, Filtronic added two extra lines to its production facility. Each extra line costs c £750k and can support incremental revenue of £10–15m. Manufacturing headcount increased from 73 to 89 over the year. The company is moving its headquarters to a new state-of-the-art head office and manufacturing site in Sedgefield, very close to the existing site. This will double its manufacturing footprint in the UK and enhance clean room areas, engineering labs and testing facilities. Management is planning to move in from September and to transfer to the new facility in a phased fashion, with full switchover targeted for the end of October. Management estimates fit-out costs of c £6m in FY26, which we have factored into our forecasts.

Growing the engineering team, moving into system design

In November 2024, Filtronic launched a new design centre at the Cambridge Science Park, providing improved access to engineering talent, research institutions and key industry players. Here there is a focus on system design engineering for space and defence, moving the company away from pure RF design into digital, software and system-level expertise. The total headcount at year-end was 15 and the company may consider taking more space in Cambridge as it is already operating at capacity. Over the year, group R&D headcount increased from 39 to 72.

Developing advanced RF technology

As well as having engineers focused on delivering specific customer projects (at least 20 major projects currently), Filtronic is developing chips for alternative frequency bands, GaN-based chip designs for three RF bands and GaN-based solid-state power amplifiers (SSPAs). GaN-based chips and SSPAs are expected to be production ready in H1 CY26. As an example of the advantages of moving from GaAs to GaN, the power output of an E-band SSPA manufactured on GaN can be four to five times as much as if manufactured on GaAs.

Filtronic recently launched its Prometheus V-Band high-frequency amplifier system. This is based on GaN technology and is targeted at satellite communications, particularly ground stations for mid-Earth orbit and geostationary Earth orbit satellites, which need higher power amplifiers due to the distance of the satellites from the ground. Prometheus can provide up to 20x the power output of the Cerus SSPA (400W versus 20W). The company is also developing some products in the K and Ka bands. Although these are at lower frequencies than Filtronic's E- and V-band products, they are commonly sold in dual-band solutions, so this is an opportunity for Filtronic to expand its addressable market.

Outlook and changes to forecasts

Management noted that it had entered FY26 with good commercial momentum, a robust order book and an organisation capable of scaling further. With encouraging early trading, Filtronic believes the business is in a strong position to meet market expectations for FY26, despite headwinds from the weaker dollar. It views an EBITDA margin of 20% as sustainable, with the 30% achieved in FY25 unusually high as revenue from SpaceX production volumes outpaced the growth in the cost base.

The company estimates that order intake in FY26 (received or forecast) will show a higher contribution from the aerospace and defence sector, with orders from the space/aerospace & defence/communications sectors roughly split in the ratio 60/35/5. After its largest customer, the next largest customer is likely to be from the aerospace and defence sector, with another space customer taking up the third position and critical communications the fourth position.

We note that FY26 forecasts are underpinned by the large contract announced with SpaceX in June (worth £24m), contributions from previously signed defence contracts and initial contributions from other customers in the space market. Our revenue forecasts for FY26 are unchanged and we factor in growth of 10% in FY27, assuming the company is successful in its efforts to diversify its revenue streams. We have increased our capex forecasts in FY26 to factor in the costs of fitting out the new manufacturing premises in Sedgefield. We assume that new equipment is asset-financed.

Exhibit 4: Changes to forecasts

£m	FY26e old	FY26e new	Change	y-o-y	FY27e new	y-o-y
Revenues	54.1	54.1	0.1%	-3.9%	59.6	10.0%
Adjusted EBITDA	9.9	10.1	2.0%	-40.8%	11.8	17.0%
Adjusted EBITDA margin	18.3%	18.6%	0.3pp	-11.6pp	19.8%	1.2pp
Normalised operating profit	7.5	6.5	-14.0%	-57.3%	7.9	21.8%
Normalised operating margin	13.9%	12.0%	-2.0pp	-15.0pp	13.2%	1.3pp
Reported operating profit	5.9	2.7	-55.0%	-80.1%	6.3	135.4%
Reported operating margin	11.0%	4.9%	-6.0pp	-18.9pp	10.5%	5.6pp
Normalised PBT	7.4	6.3	-14.3%	-58.2%	7.7	22.4%
Reported PBT	5.8	2.5	-56.5%	-81.3%	6.1	144.0%
Normalised net income	6.7	5.6	-15.8%	-64.6%	6.5	16.3%
Reported net income	5.1	1.8	-64.3%	-87.1%	4.9	172.1%
Normalised basic EPS (p)	3.05	2.56	-15.8%	-64.6%	2.98	16.3%
Normalised diluted EPS (p)	2.70	2.31	-14.5%	-66.2%	2.68	16.3%
Reported basic EPS	2.31	0.83	-64.3%	-87.1%	2.25	172.1%
Net debt/(cash)	(12.7)	(7.5)	-41.1%	-39.3%	(11.6)	55.1%

Source: Edison Investment Research

Exhibit 5: Financial summary

Year end May £m	2020	2021	2022	2023	2024	2025	2026e	2027e
INCOME STATEMENT								
Revenue	17.2	15.6	17.1	16.3	25.4	56.3	54.1	59.6
EBITDA	1.2	1.8	2.8	1.3	4.9	17.0	10.1	11.8
Operating profit (before amort. and excepts.)	0.4	0.6	1.6	0.2	3.7	15.2	6.5	7.9
Amortisation of acquired intangibles	0.0	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)	(3.5)	(1.3)
Reported operating profit	(0.2)	0.6	2.0	0.2	3.6	13.4	2.7	6.3
Net Interest	(0.2)	(0.4)	(0.1)	(0.2)	(0.2)	(0.1)	(0.2)	(0.2)
Exceptionals	0.0	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	15.1	6.3	7.7
Profit Before Tax (reported)	(0.4)	0.2	1.9	0.1	3.4	13.4	2.5	6.1
Reported tax	(0.1)	(0.2)	(0.4)	0.4	(0.2)	0.7	(0.7)	(1.2)
Profit After Tax (norm)	0.1	0.3	1.2	0.1	3.2	15.9	5.6	6.5
Profit After Tax (reported)	(0.5)	0.1	1.5	0.5	3.1	14.0	1.8	4.9
Discontinued operations	(1.4)	0.0	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	15.9	5.6	6.5
Net income (reported)	(2.0)	0.1	1.5	0.5	3.1	14.0	1.8	4.9
Average Number of Shares Outstanding (m)	211.0	213.4	214.7	215.1	216.3	218.9	219.0	219.0
EPS - normalised (p)	0.05	0.14	0.54	0.07	1.47	7.24	2.56	2.98
EPS - normalised fully diluted (p)	0.05	0.14	0.53	0.06	1.43	6.83	2.31	2.68
EPS - basic reported (p)	(0.25)	0.03	0.68	0.22	1.45	6.42	0.83	2.25
Dividend (p)	0.00	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	15.6	25.5	27.4
Intangible Assets	1.8	1.7	1.5	1.8	2.3	3.5	5.7	8.3
Tangible Assets	3.8	3.3	3.0	4.3	4.9	9.1	18.1	17.4
Investments & other	1.9	1.2	0.9	1.3	2.3	3.1	1.8	1.8
Current Assets	9.8	8.4	11.1	10.7	18.3	34.2	30.7	33.1
Stocks	2.9	2.2	2.6	2.8	3.3	4.0	3.9	4.2
Debtors	4.8	3.3	4.5	5.3	6.6	12.2	11.9	13.1
Cash & cash equivalents	2.0	2.9	4.0	2.6	7.2	14.5	13.6	15.8
Other	0.0	0.0	0.0	0.0	1.3	3.5	1.3	0.0
Current Liabilities	(6.0)	(3.6)	(4.0)	(4.8)	(8.2)	(11.6)	(11.9)	(12.9)
Creditors	(3.5)	(2.4)	(3.0)	(3.7)	(5.4)	(9.1)	(9.4)	(10.4)
Short term borrowings including lease liabilities	(0.7)	(0.6)	(0.5)	(0.6)	(0.9)	(1.1)	(1.1)	(1.1)
Other	(1.8)	(0.6)	(0.5)	(0.5)	(1.9)	(1.4)	(1.4)	(1.4)
Long-Term Liabilities	(2.0)	(1.7)	(1.4)	(1.7)	(2.3)	(2.8)	(6.8)	(4.8)
Long-term borrowings	(2.0)	(1.6)	(1.3)	(1.7)	(2.1)	(2.6)	(6.6)	(4.6)
Other long-term liabilities	0.0	(0.1)	(0.1)	(0.0)	(0.1)	(0.2)	(0.2)	(0.2)
Net Assets	9.4	9.4	11.0	11.5	17.4	35.4	37.5	42.7
Minority interests	0.0	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	35.4	37.5	42.7
CASH FLOW								
Op Cash Flow before WC and tax	1.2	1.8	2.8	1.3	4.9	17.0	10.1	11.8
Working capital	(1.7)	1.1	(0.8)	(0.4)	1.5	(3.1)	0.7	(0.5)
Exceptional & other	(3.3)	(1.0)	0.3	0.0	0.0	0.0	0.0	0.0
Tax	1.2	0.5	0.0	0.0	(0.0)	(0.0)	(0.7)	(1.2)
Operating Cash Flow	(2.6)	2.5	2.3	0.9	6.3	13.8	10.1	10.1
Capex (including capitalised R&D)	(1.2)	(0.4)	(0.3)	(1.5)	(1.6)	(5.8)	(8.8)	(5.8)
Acquisitions/disposals	3.7	0.0	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)	(0.2)
Equity financing	0.3	0.0	0.0	0.0	0.1	0.1	0.0	0.0
Dividends	0.0	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	0.0
Net Cash Flow	(0.2)	1.9	1.9	(0.8)	4.6	8.1	1.2	4.1
Opening net debt/(cash)	(2.0)	0.7	(0.8)	(2.2)	(0.3)	(4.2)	(10.8)	(6.0)
FX	0.0	0.0	0.0	0.0	0.0	(0.0)	0.0	0.0
Other non-cash movements	(3.0)	(0.4)	(0.5)	(1.1)	(0.7)	(1.4)	(6.0)	0.0
Closing net debt/(cash) including lease liabilities	0.7	(0.8)	(2.2)	(0.3)	(4.2)	(10.8)	(6.0)	(10.1)
Property lease liabilities	1.1	1.2	1.0	1.3	1.0	1.5	1.5	1.5
Closing net debt/(cash)	(0.4)	(2.0)	(3.1)	(1.6)	(5.2)	(12.3)	(7.5)	(11.6)

Source: Filtronic, Edison Investment Research

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