

Mynaric

Technology
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Connectivity for the skies and beyond

Mynaric has developed equipment for transmitting data via laser between moving airborne or space platforms at rates similar to conventional optical fibre but with the light transmitted through free space rather than along a cable. Recent newsflow demonstrates that not only are government and commercial entities planning satellite constellations deploying optical communications links, but also that Mynaric is being selected as a supplier of laser communications terminals for these constellations.

Suppliers chosen for US defence constellation

In August 2020 the US Space Development Agency (SDA) announced that it had awarded contracts to build 10 satellites each for the first phase of its low earth orbit (LEO) communications network to Lockheed Martin and York Space Systems. Examination of the contract documentation suggests that Lockheed has selected Tesat to supply the optical communications terminals and York Space has selected both Mynaric and SA Photonics. The satellites must be ready for launch by September 2022. Shortly afterwards Mynaric announced that it had secured its first win in the US governmental market, which was in the mid-seven-digit euros range.

Preparing for volume delivery

This initial phase of the SDA constellation will require a total of 68 laser terminals, which management believes is around three times the entire number of laser terminals that have been built collectively by any supplier so far. The SDA has plans to expand the constellation to 300–500 satellites. These volumes are likely to present a challenge to Mynaric's competitors, which have historically produced individual bespoke items. In contrast Mynaric has focused on developing product for delivery in high volumes. It expects to manufacture around 30 terminals this year and to be able to produce 100–500 units/year by 2022. This puts it in a good position to take market share as constellation owners such as the SDA move from the pathfinder phase to full-scale deployment of hundreds of satellites.

Valuation: Based on analysis of potential revenue

Since Mynaric is not expected to start delivering significant numbers of commercial units until H221 and to generate an operating profit until FY22, we use a scenario analysis rather than a peer group comparison of multiples. This [analysis](#) shows that a constellation of 100 LEO satellites could require €75m of Mynaric's laser communications terminals and a cluster of 250 airborne communications platforms could require €113m of equipment.

Consensus estimates

Year end	Revenue (€m)	EBITDA (€m)	EBIT (€m)	PAT (€m)	DPS (€)	P/E (x)
12/18*	1.4	(7.4)	(7.8)	(7.8)	0.0	N/A
12/19	0.4	(6.5)	(7.7)	(7.8)	0.0	N/A
12/20e	3.9	(8.2)	(10.3)	(10.8)	0.0	N/A
12/21e	43.4	1.8	(2.3)	(2.7)	0.0	N/A

Source: Hauck & Aufhauser, Kepler Cheuvreux and MainFirst. Note: *Restated.

Price
€74
Market cap
€236m

Share price graph



Share details

Code	MOY
Shares in issue	3.2m
Net cash as at end June 2020 (excluding €6.4m lease liabilities)	€6.7m

Business description

Mynaric designs and manufactures laser communication terminals and ground stations for airborne and spaceborne networks and applications. Its objective is to become the world's leading provider of network equipment for the aerospace communication industry using its serially produced and low-cost laser communication products.

Bull

- Wireless laser technology gives faster data rates than conventional microwave transmission.
- Wireless laser technology potentially brings internet connectivity to remote regions without installing fibre optic cable.
- Tech is cost effective for mega-constellations.

Bear

- Technology not proven in complete satellite or airborne communications networks yet.
- Rate of commercial roll-out dependent on network operators securing funding.
- Limited number of potential network operators to which company can sell equipment.

Analyst

Anne Margaret Crow +44 (0)20 3077 5700

tech@edisongroup.com

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Frankfurt +49 (0)69 78 8076 960
Schumannstrasse 34b
60325 Frankfurt
Germany

London +44 (0)20 3077 5700
280 High Holborn
London, WC1V 7EE
United Kingdom

New York +1 646 653 7026
1185 Avenue of the Americas
3rd Floor, New York, NY 10036
United States of America

Sydney +61 (0)2 8249 8342
Level 4, Office 1205
95 Pitt Street, Sydney
NSW 2000, Australia