

Mynaric

Technology

Fibreless optical links in the skies

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. This opens the possibility of equipping the airborne networks proposed by Facebook and Google, or the satellite networks supported by Elon Musk and Richard Branson with high-speed optical data links rather than slower microwave connections. These proposed networks offer the opportunity of providing more data transmission in the developed world without needing to install more fibre optic cable and extending internet access to the half of the world's population who are not connected.

Serial production ahead of first on-satellite launch

In October 2019, Mynaric announced that it will deliver multiple laser communication flight terminals to an undisclosed customer in an initial deal for a product validation mission valued at €1.7m. These will be part of a demonstration programme prior to rolling out the full satellite constellation. The contract confirms market demand for Mynaric's cost-effective, serially produced laser communication inter-satellite product designed for mega-constellations. Mynaric is focused on delivering the first satellite units in readiness for launch into space in H220. It has recently increased the number of terminals in production to be able to support missions from additional customers at short notice.

Raised finance to complete pre-commercial phase

Total operating performance during H119 was €2.9m. This was similar to H118 (€2.8m) with intensified development work on space- and air-borne terminals ahead of commercial availability in FY20 substituting for milestone payments on project work in H118. Losses after tax widened by 3% to €3.8m. Net cash (there is no debt) increased by €3.3m during H119 to €18.5m at the period-end. Free cash outflow totalling €7.8m was offset by €11m from the issue of shares at €55/share to the lead investor of the LEO satellite constellation in March.

Valuation: Analysis of potential revenues

Our scenario analysis shows that a cluster of 250 airborne communications platforms could require €125m worth of Mynaric's equipment, and a constellation of 100 small satellites could need €100m of Mynaric's equipment.

Price €43.4
Market cap €126m

Share price graph



Share details

Code MOY
 Shares in issue 2.9m
 Net cash at end June 2019 €18.5m

Business description

Mynaric is commercialising free space laser communication equipment that uses light to transmit data in high-capacity communication networks in the air and in space.

Bull

- Wireless laser technology gives faster data rates than conventional microwave transmission.
- Wireless laser technology potentially brings internet connectivity to remote regions.
- Mynaric technology 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 it can sell equipment.

Analyst

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Consensus estimates

| Year end | Revenue (€m) | EBITDA (€m) | EBIT (€m) | PAT (€m) | DPS (€) | P/E (x) |
|----------|--------------|-------------|-----------|----------|---------|---------|
| 12/17 | 1.7 | (6.8) | (7.0) | (6.9) | 0.0 | N/A |
| 12/18 | 1.6 | (6.2) | (6.7) | (6.7) | 0.0 | N/A |
| 12/19e | 4.0 | (5.1) | (6.8) | (7.0) | 0.0 | N/A |
| 12/20e | 19.3 | 3.0 | 1.9 | (2.1) | 0.0 | N/A |

Source: Refinitiv