Filtronic

FY26 ahead; new space contract

Trading update and contract win

Tech hardware and equipment

23 June 2026

Filtronic expects to report FY26 revenue in line with consensus and adjusted EBITDA ahead of consensus, and already has 90% order coverage of FY27 consensus revenue. We have upgraded our FY26 forecasts to reflect performance and maintain our FY27 estimates. Emphasising the company's progress with diversifying its customer base, Filtronic has won a follow-on development contract with the new satellite customer announced in March.

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	N/A	N/A
5/25	56.3	17.0	15.1	6.83	0.00	55.7	N/A
5/26e	55.5	11.1	7.9	2.93	0.00	N/A	N/A
5/27e	59.6	11.8	7.8	2.68	0.00	N/A	N/A

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

FY26 ahead of consensus

For FY26, Filtronic expects to report revenue of at least £55.5m (in line with consensus of £55.4m and ahead of our £54.4m forecast) and adjusted EBITDA of at least £11.1m (ahead of both consensus of £10.9m and our £10.1m). Net cash at year-end excluding property leases was £11.3m, ahead of our £10.5m forecast. The company noted that it already has 90% order coverage for FY27 consensus revenue (ie £56.3m out of consensus of £62.6m), helped by multi-year orders from SpaceX, engagement with other major space customers and continued momentum in aerospace and defence. We have upgraded our FY26 forecasts to reflect the out turn, with normalised EPS 16% higher. We maintain our FY27 forecasts pending full year results on 4 August.

Follow-on satellite payload development contract

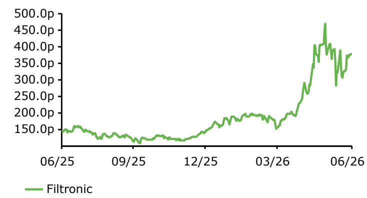
In March, the company announced a £6m/$8m contract with a new space customer, with limited details about the specifics of the contract. Today it has announced a new £0.4m/$0.5m development contract with the same customer to design a state-of-the-art high-frequency module for use on satellite payload. Successful delivery of this initial development phase would be the first step on the path to volume manufacturing. We note that on-satellite volumes are likely to be higher than those required for ground stations.

Valuation: Factoring in the space opportunity

The share price has doubled since we last wrote in March, we believe as the SpaceX IPO has generated increased interest and awareness of the opportunities for suppliers of communications technology in the space sector. 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 33% per year for FY28–35e, with an average EBITDA margin of 24.4% 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	**380.00p**
Market cap	**£836m**
Net cash/(debt) at end FY26 excluding property lease liabilities	£11.3m
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	0.3	123.5	148.4
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 mobile telecommunications infrastructure, space, public safety, aerospace and defence.

Next events

FY26 results	4 August

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Changes to forecasts

Exhibit 1: Changes to forecasts

£m	FY26e old	FY26e new	Change	y-o-y	FY27e old	FY27e new	Change	y-o-y
Revenues	54.1	55.5	2.6%	-1.4%	59.6	59.6	0.1%	7.3%
Adjusted EBITDA	10.1	11.1	9.8%	-34.9%	11.8	11.8	0.0%	6.5%
Adjusted EBITDA margin	18.6%	19.9%	1.3pp	-10.3pp	19.8%	19.8%	0.0pp	-0.1pp
Normalised operating profit	7.0	8.0	14.2%	-47.4%	7.9	7.9	0.0%	-1.0%
Normalised operating margin	12.9%	14.4%	1.5pp	-12.6pp	13.2%	13.2%	0.0pp	-1.1pp
Reported operating profit	3.0	4.0	33.3%	-70.5%	6.1	6.1	0.1%	53.4%
Reported operating margin	5.5%	7.1%	1.6pp	-16.7pp	10.2%	10.2%	0.0pp	3.1pp
Normalised PBT	6.9	7.9	14.4%	-48.0%	7.8	7.8	0.0%	-1.2%
Reported PBT	2.9	3.8	34.7%	-71.2%	6.0	6.0	0.1%	54.7%
Normalised net income	6.2	7.2	16.1%	-54.9%	6.6	6.6	0.1%	-8.3%
Reported net income	2.2	3.1	45.9%	-77.6%	4.8	4.8	0.1%	51.0%
Normalised basic EPS (p)	2.81	3.26	16.1%	-55.0%	2.98	2.98	0.1%	-8.5%
Normalised diluted EPS (p)	2.53	2.93	16.1%	-57.0%	2.68	2.68	0.1%	-8.5%
Reported basic EPS	0.98	1.44	45.9%	-77.6%	2.16	2.16	0.1%	50.7%
Net debt/(cash)	(10.5)	(11.3)	7.3%	-8.3%	(11.6)	(12.5)	8.6%	11.1%

Source: Edison Investment Research

Exhibit 2: 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	55.5	59.6
EBITDA		1.2	1.8	2.8	1.3	4.9	17.0	11.1	11.8
Operating profit (before amort. and excepts.)		0.4	0.6	1.6	0.2	3.7	15.2	8.0	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	4.0	6.1
Net Interest		(0.2)	(0.4)	(0.1)	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)
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	7.9	7.8
Profit Before Tax (reported)		(0.4)	0.2	1.9	0.1	3.4	13.4	3.8	6.0
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	7.2	6.6
Profit After Tax (reported)		(0.5)	0.1	1.5	0.5	3.1	14.0	3.1	4.8
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	7.2	6.6
Net income (reported)		(2.0)	0.1	1.5	0.5	3.1	14.0	3.1	4.8
Average Number of Shares Outstanding (m)		211.0	213.4	214.7	215.1	216.3	218.9	219.5	219.9
EPS - normalised (p)		0.05	0.14	0.54	0.07	1.47	7.24	3.26	2.98
EPS - normalised fully diluted (p)		0.05	0.14	0.53	0.06	1.43	6.83	2.93	2.68
EPS - basic reported (p)		(0.25)	0.03	0.68	0.22	1.45	6.42	1.44	2.16
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	22.7	25.8
Intangible Assets		1.8	1.7	1.5	1.8	2.3	3.5	5.6	7.9
Tangible Assets		3.8	3.3	3.0	4.3	4.9	9.1	15.4	16.2
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	33.0	33.6
Stocks		2.9	2.2	2.6	2.8	3.3	4.0	4.6	4.9
Debtors		4.8	3.3	4.5	5.3	6.6	12.2	13.7	14.0
Cash & cash equivalents		2.0	2.9	4.0	2.6	7.2	14.5	13.5	14.7
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)	(13.9)	(12.3)
Creditors		(3.5)	(2.4)	(3.0)	(3.7)	(5.4)	(9.1)	(8.4)	(9.8)
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)	(4.4)	(1.4)
Long-Term Liabilities		(2.0)	(1.7)	(1.4)	(1.7)	(2.3)	(2.8)	(2.8)	(2.8)
Long-term borrowings including lease liabilities		(2.0)	(1.6)	(1.3)	(1.7)	(2.1)	(2.6)	(2.6)	(2.6)
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	39.0	44.3
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	39.0	44.3
CASH FLOW									
Op Cash Flow before WC and tax		1.2	1.8	2.8	1.3	4.9	17.0	11.1	11.8
Working capital		(1.7)	1.1	(0.8)	(0.4)	1.5	(3.1)	0.2	(2.2)
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	10.6	8.4
Capex (including capitalised R&D)		(1.2)	(0.4)	(0.3)	(1.5)	(1.6)	(5.8)	(10.3)	(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)	(0.1)	(0.1)
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	0.2	2.5
Opening net debt/(cash)		(2.0)	0.7	(0.8)	(2.2)	(0.3)	(4.2)	(10.8)	(9.8)
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)	(1.2)	(1.2)
Closing net debt/(cash) including lease liabilities		0.7	(0.8)	(2.2)	(0.3)	(4.2)	(10.8)	(9.8)	(11.0)
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)	(11.3)	(12.5)

Source: Filtronic, Edison Investment Research

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