



## Investment Profile

1. Established blue chip customer base - SpaceX a strategic partner
2. State of the art RF hybrid manufacturing capability – on-shore capability fast becoming a key differentiator
3. Targeting high growth sectors with strong momentum, such as low earth orbit (LEO) Space and Electronic Warfare (EW)
4. End markets rising fast driven by geopolitical trends - governments & agencies increasing budgets
5. Track record of profitability despite global challenges

## Share Information

<b>Ticker</b>	AIM: FTC
<b>Share Price</b> (GB pence)	72.0
<b>Shares in issue</b> (m)	218.9
<b>Market Cap</b> (£m)	150.0
<b>12m Hi/Low</b> (GB pence)	83.0/15.0

(Source: The London Stock Exchange, November 2024)

## 12-Month Share Price



(Source: The London Stock Exchange, November 2024)

## Major Shareholders (as of 18 October 2024)

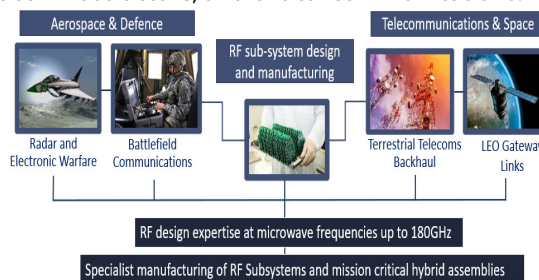
Name	%
Mark and Diana Dixon	13.8
Canaccord Genuity Group Inc.	12.8
David and Monique Newlands	12.0
Schroders PLC	5.1
Harwood Capital	4.7

(Source: company website)

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## Company Overview

Filtronic designs and manufactures Radio Frequency (RF) components and subsystems for mission-critical communication networks. Its clients depend on Filtronic's ability to deliver high-performance RF solutions that solve challenging technical requirements, accelerate market entry, reduce development costs and provide a significant competitive advantage. The Company's sub-embedded system products are critical to a range of challenging applications including 5G telecommunications infrastructure deployment, aerospace and defence electronic warfare, LEO space infrastructure, and critical communications.



Filtronic's Strategic Markets

## Growth Strategy

Filtronic is unique in its ability to **design, develop, and manufacture turn-key solutions** to the highest standards and can ramp production quickly to meet demand. Management has continued to invest strategically in the business and has **delivered sustainable financial growth**. It remains committed to **building and developing** an engineering organisation that can develop **technology roadmaps**, undertake **customer developments** and service its growing **opportunity pipeline**. Filtronic views **agility** and **responsiveness** within the business as critical to its success - **rapid execution of product development** with **high quality products** and solutions will remain a key focus for the Group.

## What's New?

In addition to the recently announced planned relocation to a larger site in Sedgefield, Filtronic is adding a new engineering design centre at the Cambridge Science Park.

**FY24 results** were excellent with **revenue growth of 56% to £25.4m (FY23: £16.3m)**, ahead of market expectations. **Adj. EBITDA also exceeded market expectations at £4.9m (FY2023: £1.3m)** and the cash balance was a strong £7.2m (2023: £2.6m) at period end. The Company made **significant operational progress** in the year, **won several important contracts**, and built on already meaningful momentum, bringing core technology projects to market.

The Group secured a **strategic partnership with SpaceX** alongside **numerous wins with key clients across the business, including BAE, QinetiQ and the European Space Agency**. After a second order under its SpaceX agreement, the Company's Brokers **raised its forecasts for FY2025, adjusting PBT and revenue materially**.


## Outlook

**Filtronic's strategic markets represent industry verticals that have a robust outlook and align well with the needs of the post-pandemic world. Public safety, mobile telecommunications, sovereign defence capability and the rapid development of LEO space networks, are well funded sectors that resonate with governments, investors, and the public at large.** Alongside the growth opportunities generated from the SpaceX partnership, the wider pipeline is healthy and growing.


The Board is confident in delivery of further growth, leveraging strong commercial relationships, and will continue to invest to position itself to exploit evolving market trends.

## Market Dynamics


### LEO Space - Gateway Links

 Filtronic's products have applications in payload and ground stations, with 60,000+ satellites expected by 2029, as OneWeb (EU) & Private Network constellations (US) set the pace. Ubiquitous broadband access, the release of Q/V E-band licences, economic network coverage, and future operating revenues currently drive demand. Filtronic partners with SpaceX, has a reputation for delivering quality solutions at a competitive cost, and has proven ramp-up manufacturing capabilities.


### Aerospace - Radar & Electronic Warfare (EW)

 Its RF / Microwave hybrid transmit and receive module (TRM) technology is used in airborne active electronically scanned array radar and EW systems. With the UK's defence spending on EW set at £750m in 2023, and the general increase in overall spend both in the UK and across the world, Filtronic is well placed to capitalise on this expanding opportunity - especially as outsourced Radio Frequency (RF) design capabilities and sovereign hybrid manufacturing facilities grow in importance. Partnerships are also key to Filtronic in this market, they have an accredited UK RF hybrid facility with proven manufacturing processes and critical cyber security accreditations.


### Defence - EW Cyber & Electronic Counter Measures (ECM)

 The Company supplies components for battlefield communications, Electronic Warfare (EW), Cyber and Electronic counter Measures (ECM) applications. With market drivers being shared with the Aerospace market, the UK defence comms budget stands at £850m, with the 2022 Defence Science Technology Laboratory spending review setting a 5-year S&T budget of £6.6bn. Again, Filtronic's strength in this sector mirrors its capabilities and reputation in the Aerospace market.

### Telecommunications Infrastructure - X-haul

 Primary applications include E-band backhaul transceivers for 5G telecoms infrastructure and private telecom solutions, with 5G V/E-band backhaul growth expected to be c.20% p/a between 2023-28. The drivers are the global 5G rollout, releases of E-band licences, high density urban networks, and low installed fibre in backhaul. Filtronic partners with the market leader, having built a track record of volume delivery and a strong brand reputation - backed by proven high performance IP.

### Critical Communications - Land Mobile Radio Networks (LMR)

 Filtronic components are used in subsystems for LMR secure public safety and first responder communication networks, an established market still expected growth of 7% p/a between 2022-2026. The basis of this market in the reliability of current P25 LMR solutions, but the introduction and integration of LTE wireless solutions used by commercial mobile networks, is expected to be a key future driver. The Company currently has a working partnership with the market leader, has a US based manufacturing facility and a long-cultivated reputation for quality under an established and recognised brand.

## Key Newsflow


- November:** [New Design Center at Cambridge Science Park](#)
- September:** [Notice of AGM & posting of annual report](#)
- September:** [New Premises](#)
- August:** [Contract Win](#)
- July:** [Final Results](#)
- July:** [Contract Win](#)
- June:** [Trading Update](#)
- May:** [Filtronic Awarded King's Award for Innovation](#)
- April:** [Strategic Agreement with SpaceX](#)

## Management Team


### Nat Edington, Chief Executive Officer

 Nat joined Filtronic in 2024 following the retirement of former CEO, Richard Gibbs. He has held several senior executive positions in the high technology and semiconductor industry, and was latterly CEO at Dukosi Ltd, where he led the business from early stage to global technology leader. Previously, Nat was CEO of Cambridge CMOS Sensors, and has held executive leadership positions at AMS AG and Wolfson Microelectronics as well as a non-executive position at AIM-listed Concurrent Technologies plc.

### Michael Tyerman, Chief Financial Officer

 Michael joined Filtronic in 2007 as Financial Controller of the Broadband business and was promoted to the position of Group Financial Controller in 2009. Prior to joining Filtronic, Michael held various positions within Procter and Gamble, Huntsman Polyurethanes and Komatsu which included time working in the Benelux and Nordic regions.

### Jonathan Neale, Non-Executive Chairman

 Jonathan previously served as Chief Operating Officer of McLaren Group and, before that, held several executive positions, including CEO of McLaren Racing F1. He has also worked at BAE Systems, UK and Hawk Military Aircraft.

## Consensus Forecasts (Source: Factset)

	May '23 (Actual)	May '24 (Actual)	May '25 (E)	May '26 (E)
Sales (£m)	16.3	25.4	40.2	41.1
PBT (£m)	0.1	3.4	7.4	7.5
EBITDA (£m)	1.3	4.9	9.3	9.5
EPS (p)	0.2	1.4	3.1	3.0



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