

AAC Clyde Space

Steady start and no change to full year guidance

AAC Clyde Space's first quarter demonstrated a solid start to the year, within the normal volatility of this long lead time business. Key for investors is the build-out of low Earth orbit constellations, particularly AAC's own satellites, where it can then commercialise the data to provide a high-margin, long-term revenue stream. The second half of 2025 and early 2026 is expected to include key launches to support this strategy.

Year end	Revenue (SEKm)	PBT (SEKm)	EPS (SEK)	DPS (SEK)	P/E (x)	Yield (%)
12/23	276.6	(19.3)	(5.31)	0.00	N/A	N/A
12/24	352.9	18.7	3.02	0.00	24.3	N/A
12/25e	456.4	36.1	5.99	0.00	12.3	N/A
12/26e	644.3	60.6	10.10	0.00	7.3	N/A

Note: PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments. These are Edison calculations. FY24 reported PBT SEK(5.7)m and EPS SEK(1.0).

Q1 results

Net sales increased by 3.6% to SEK74.0m, including a SEK2.3m contribution from Spacemetric, which was acquired in H224. The gross margin increased from 56% to 69%, primarily due to better performance of the Missions segment, which benefited from key delivery milestones. Headline EBITDA was SEK11.9m, with a margin of 16.1%. Adjusting for insurance payouts of SEK3.5m (SEK12.6m in Q124) relating to the underperforming satellite, underlying EBITDA was SEK8.4m, compared to break-even in Q124. There was an EBIT loss of SEK2.5m and a PBT loss of SEK11.8m. Cash from operations after adjusting factors was SEK1.4m, with a working capital outflow of SEK26.9m reflecting normal seasonality. After capex and financing, cash outflow was SEK38.3m. The group finished the quarter with cash of SEK21.6m and bank debt of SEK21.9m. The order book reduced from SEK541m at the end of FY24 to SEK482m, although significant new contract awards have already been announced in Q2.

Outlook

The current global machinations are creating a degree of uncertainty, but management believes they also offer potential positives, driving demand for more data services and a focus on European space capabilities. The first quarter was in line with expectations and management has not changed guidance for FY25 for double-digit growth, with positive EBITDA and cash flow. Our forecasts are unchanged.

Valuation: SEK250 per share

Our discounted cash flow (DCF)-based valuation (using a discount rate of 12% and a long-term growth rate of 2%) of SEK250 per share is unchanged, as detailed in our FY24 [results note](#).

Q125 results

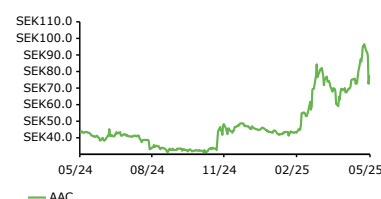
Aerospace and defence

19 May 2025

Price SEK73.50
Market cap SEK530m

Net cash/(debt) at 31 March 2025 SEK(0.3)m
Shares in issue 5.9m
Free float 88.0%
Code AAC
Primary exchange NASDAQ
Secondary exchange OTCQX

Share price performance



%	1m	3m	12m
Abs	29.7	101.6	100.7
52-week high/low	SEK99.6	SEK32.0	

Business description

Headquartered in Sweden, AAC Clyde Space (AAC) is a world leader in nanosatellite end-to-end solutions, subsystems, platforms, services and components, including supply to third parties. It has production and development operations in Sweden, Scotland, the Netherlands, the United States and Africa.

Next events

AGM	22 May 2025
Interim results	14 August 2025

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Q2 results

Net sales increased by 3.6% to SEK74.0m, which was broadly flat taking into account the SEK2.3m contribution from Spacemetric (acquired in H224). Total income, which includes own work capitalised and other income, declined by 3% to SEK94.7m, affected by the removal of SEK9.6m in unfulfilled earnouts for the Omnisys Instruments acquisition and insurance payouts of SEK3.5m (SEK12.6m in Q124). The gross margin increased to 69% from 56%, primarily due to better performance of the Missions segment, which benefited from delivery milestones. Personnel costs increased by 13%, reflecting accelerated investment with 214 employees at the end of the period, up from 190 at the end of Q124 and 199 at the end of FY24. EBITDA was SEK11.9m with a margin of 16.1%. Adjusting for the insurance payouts relating to the underperforming satellite of SEK3.5m against SEK12.6m in Q124, underlying EBITDA was SEK8.4m against break-even in Q124. Depreciation/amortisation and impairment of assets amounted to SEK14.4m including SEK4.2m depreciation of surplus values from acquisitions. There was an EBIT loss of SEK2.5m and a PBT loss of SEK11.8m. Cash from operations after adjusting factors was SEK1.4m, with a working capital outflow of SEK26.9m reflecting normal seasonality. After capex and financing, cash outflow for what is normally a seasonally soft period was SEK38.3m. AAC ended the quarter with cash of SEK21.6m and bank debt of SEK21.9m. The company has SEK29.7m in total liquidity available.

Exhibit 1: Summary financials (SEKm)

	Q124	Q125	Change
Net sales	71.4	74.0	4%
Other income	6.1	16.0	164%
Own work capitalised	19.9	4.7	-76%
Total	97.4	94.7	-3%
Raw materials & subcontractors	(31.2)	(22.8)	-27%
Personnel costs	(42.1)	(47.6)	13%
Other external expenses	(10.2)	(10.5)	3%
Other operating expenses	(1.3)	(2.0)	60%
EBITDA	12.7	11.9	-6%
Depreciation & amortisation	(16.5)	(14.4)	-13%
Underlying EBIT	(3.8)	(2.5)	-35%
Financing income/(costs)	0.5	(9.3)	-2115%
Underlying PBT	(3.4)	(11.8)	250%
EPS Reported (SEK)	(0.6)	(1.7)	209%
Gross margin	56.4%	69.2%	
EBITDA margin	17.8%	16.1%	
EBIT margin	-5.3%	-3.4%	
Cash generated from operations	13.1	1.4	-89%
Changes in working capital	(25.3)	(26.9)	6%
Cash flow from operations	(12.3)	(25.5)	107%
Investing activities	(7.6)	(11.0)	45%
Financing activities	(0.8)	(1.9)	125%
Net cash flow	(20.7)	(38.3)	85%
Cash and equivalents at end of period	38.4	21.6	-44%

Source: AAC Clyde Space

The Data division's net sales increased by 14.8% to SEK16.8m. Headline EBITDA was SEK3.3m, giving a margin of 19.5%. Adjusting for an insurance claim of SEK3.3m (SEK12.6m in Q124) suggests underlying EBITDA around break-even, only slightly down on the previous year. Development of the division is dependent on additional infrastructure capacity and data contracts, hence management is confident that the Sedna satellites and commencement of AIS data delivery will continue to drive positive growth (FY24 growth was 51%).

Missions division's net sales increased by 38.1% to SEK27.1m. EBITDA improved strongly to SEK6.3m with a margin of 23.4% from a loss in the previous year. The business benefited from milestone payments in the period, the timing of which inevitably leads to volatility of results over shorter quarterly reporting time periods.

Products division's net sales decreased by 21.0% to SEK37.8m. Headline EBITDA increased to SEK9.0m with a margin of 23.8%. However, adjusting for reversal of the unfulfilled earnouts of SEK9.6m attributable to the acquisition of Omnisys suggests broadly break-even EBITDA in the period. Management comments that this reflects a timing issue on product deliveries and expects the full year to produce a positive result.

Note that AAC has announced that it intends to merge the Missions and Products divisions to better align the business

to customers and reduce costs.

Exhibit 2: Divisional financials (SEKm)

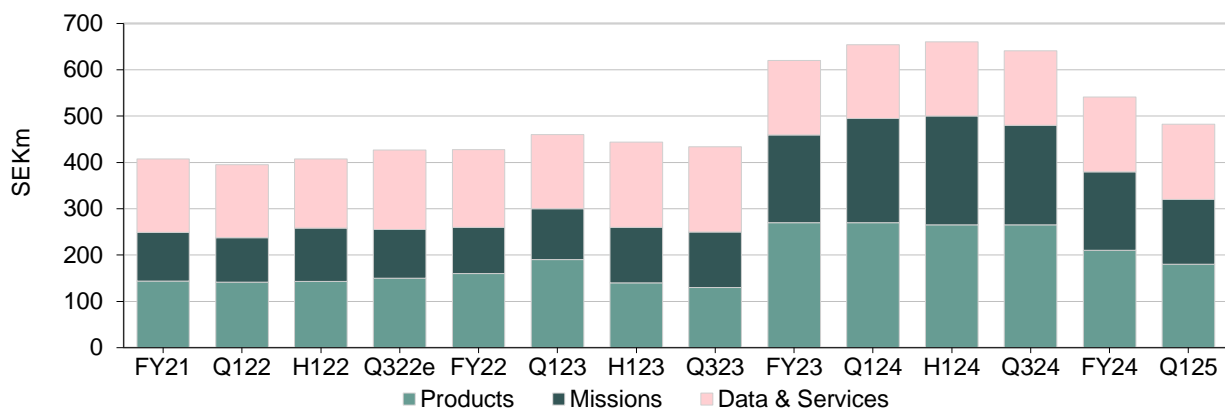
	Q124	Q125	Change
Sales by Division			
Data	14.6	16.8	15%
Missions	19.6	27.1	38%
Products	47.9	37.8	-21%
Eliminations	(10.7)	(7.8)	-28%
Net sales	71.4	74.0	4%
EBITDA by division			
Data	12.6	3.3	-74%
Missions	(0.6)	6.3	-1122%
Products	6.0	9.0	49%
Other segments	(5.7)	(5.4)	-5%
Eliminations	0.4	(1.3)	-443%
Total	12.7	11.9	-6%
EBITDA Margin by division			
Data	86.2%	19.5%	
Missions	-3.2%	23.4%	
Products	12.6%	23.8%	
Total	17.8%	16.1%	

Source: AAC Clyde

Order book and key contact announcements

Order intake in the period was a little softer with the backlog declining from SEK541m at the end of FY24 to SEK482m at the end of Q125, including SEK23m currency impact along with the normal volatility in the sector being heightened by current global events. Key order announcements including two since the end of the period.

- **16 December 2024:** AAC Clyde Space won an order for Sirius computers, GNSS receivers and related services. Sirius is AAC's range of computers developed to cater for the command and data handling needs of small satellites. The contract has a value of €0.6m (c SEK6.6m).
- **30 December 2024:** AAC Clyde Space won a Launch Service Contract for the VOLT mission from Craft Prospect. This is a follow-up order from its first order for a 16U EPIC satellite for the same mission. The order value is €0.5m (c SEK6.0m).
- **5 February 2025:** AAC Clyde Space received an order from OHB Sweden for instrument components for the European Organisation for the Exploitation of Meteorological Satellites within the planned Polar System Sterna (EPS-Sterna) programme. This programme's space segment is based on the European Space Agency's Arctic Weather Satellite, successfully launched in 2024, which aims to improve global and regional weather forecasts and contribute to climate monitoring. The order has a total value of €1.0m (c SEK11.7m).
- **17 February 2025:** AAC Clyde Space signed a contract worth €0.85m (c SEK9.5m) with the European Space Agency as the first phase of the INFLECION project, a transformative project for maritime domain awareness through advanced satellite technology. The total value of the INFLECION project is estimated at €30.7m (c SEK350m).
- **5 May:** AAC has won an order valued at €570 000 (c SEK6.2m) for power conditioning and distribution unit (PCDU) systems. Delivery is scheduled for March 2026. The customer is a European satellite manufacturer. The STARBUCK-MINI is a critical advanced PCDU developed by AAC, which manages and distributes power to all onboard systems, ensuring stable and efficient operation.
- **14 May:** AAC has won an order from Ghulam in Kazakhstan for Starbuck Mini power systems. The order is valued at €814,000 (c SEK8.81m), with delivery scheduled for March 2026. The units will be used onboard Earth observation satellites developed under the KazEOSat-MR programme. STARBUCK-MINI forms part of AAC's small satellite PCDU solutions.

Exhibit 3: Order backlog


Source: AAC Clyde Space

Outlook and expectations

Management guidance for FY25 is unchanged for 'double-digit net sales growth, continued positive EBITDA and sustained positive cash flow from operating activities.' Hence, there are no changes to our forecasts or valuation. Managements continue to focus on three key programmes:

- Next-generation earth observation constellation using xSPANCION technology and investment. There will be an initial constellation of four satellites with the first VIREON-1 satellite to be launched in Q425.
- INFLECION is a SK350m programme for monitoring oceans and AAC has received the initial order.
- EPS-Sterna is major upgrade system for European weather forecasting, with multiple satellites being launched through to 2029 offering potential value to AAC of €60m.

Exhibit 4: Financial summary

SEKm	2022	2023	2024	2025e	2026e
Year end December	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS					
Net sales	196.7	276.6	352.9	456.4	644.3
Own work capitalised and other operating income	47.0	48.8	55.9	39.0	29.3
Group income	243.7	325.5	408.8	495.4	673.6
EBITDA	(30.0)	1.0	46.7	64.4	87.6
Operating Profit (before amort. and except.)	(40.3)	(12.5)	20.0	39.4	63.1
Intangible Amortisation	(0.7)	(2.6)	0.0	(1.8)	(2.6)
Other	(26.0)	(21.7)	(24.0)	(24.0)	(24.0)
Operating Profit	(67.0)	(36.8)	(4.0)	13.6	36.5
Associates & Other	0.0	0.0	0.0	0.0	0.0
Net Interest	17.9	(4.2)	(1.3)	(1.5)	0.1
Profit Before Tax (norm)	(23.2)	(19.3)	18.7	36.1	60.6
Profit Before Tax (FRS 3)	(49.1)	(41.1)	(5.3)	12.1	36.6
Tax	2.6	(0.5)	(0.4)	(0.6)	(1.8)
Profit After Tax (norm)	(22.0)	(18.4)	17.7	34.3	57.5
Profit After Tax (FRS 3)	(46.5)	(41.6)	(5.7)	11.5	34.7
Average Number of Shares Outstanding (m)	3.9	4.8	5.7	5.9	5.9
EPS - normalised (SEK)	(5.6)	(5.3)	3.0	6.0	10.1
EPS - Reported (IFRS) (SEK)	(11.8)	(8.7)	(1.0)	2.1	6.2
Dividend per share (SEK)	0.0	0.0	0.0	0.0	0.0
EBITDA Margin (%)	(15.2)	0.4	13.2	14.1	13.6
Operating Margin (before GW and except.) (%)	(20.5)	(4.5)	5.7	8.6	9.8
BALANCE SHEET					
Fixed Assets	728.6	746.2	815.4	809.6	810.9
Intangible Assets	665.5	672.6	732.6	732.6	732.6
Tangible Assets	46.4	57.8	82.5	76.7	77.9
Right of use asset	16.8	15.8	0.3	0.3	0.3
Investments					
Current Assets	152.8	192.2	173.2	222.0	322.2
Stocks	20.2	22.1	21.6	27.9	39.3
Debtors	24.5	23.5	55.3	71.5	100.9
Cash	52.1	59.5	49.7	62.3	96.8
Other	56.0	87.1	46.7	60.4	85.2
Current Liabilities	(182.0)	(249.4)	(259.8)	(284.4)	(338.4)
Creditors	(175.8)	(218.7)	(259.8)	(284.4)	(338.4)
Lease liabilities	(5.5)	(5.5)	0.0	0.0	0.0
Short term borrowings	(0.7)	(25.2)	0.0	0.0	0.0
Long Term Liabilities	(35.9)	(26.2)	(25.8)	(31.7)	(42.5)
Long term borrowings	0.0	0.0	0.0	0.0	0.0
Lease liabilities	(11.0)	(10.2)	(5.5)	(5.5)	(5.5)
Other long term liabilities	(24.9)	(16.1)	(20.3)	(26.2)	(37.1)
Net Assets	663.5	662.8	703.0	715.5	752.2
CASH FLOW					
Operating Cash Flow	6.4	11.1	61.7	61.0	81.3
Net Interest	(0.2)	(2.9)	(1.3)	(1.5)	0.1
Tax	0.2	(1.3)	(0.4)	(0.6)	(1.8)
Capex	(40.9)	(51.0)	(44.6)	(37.4)	(45.1)
Acquisitions/disposals	(38.3)	(2.5)	(8.0)	0.0	0.0
Financing	33.3	37.6	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0
Other	0.0	(2.0)	2.2	0.0	0.0
Net Cash Flow	(39.4)	(11.0)	9.5	21.5	34.5
Opening net debt/(cash) excluding lease liabilities	(95.5)	(52.1)	(35.1)	(40.8)	(62.3)
HP finance leases initiated					
Other	(4.0)	(6.0)	(3.8)	0.0	0.0
Closing net debt/(cash) excluding lease liabilities	(52.1)	(35.1)	(40.8)	(62.3)	(96.8)
Net financial liabilities including lease liabilities	(35.6)	(19.5)	(35.3)	(56.8)	(91.3)

Source: Company accounts, Edison Investment Research

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