

Market: First North Premier SE

Ticker: GOMX

Share price (SEK): 4.29

Market cap (SEKm): 603.5

Net debt (SEKm): 20.4 (Q4 2023)

Enterprise value (SEKm): 623.8

Share information



YTD:	-2.5%	1 year:	196.9%
1 month:	3.6%	3 years:	-61.4%

Note: We apply the closing price from 17 May 2024 (Source: Refinitiv).

Financials

SEKm	2022	2023	2024E*
Revenue	198.4	234.5	N/A
Revenue growth	-7.1%	18.2%	N/A
EBIT	-232.0	-93.2	N/A
EBIT margin	-116.9%	-39.8%	N/A
Net income	-227.8	-115.6	N/A
Net income margin	-114.8%	-49.3%	N/A
Cash	33.1	61.1	N/A
Interest-bearing debt	108.9	81.4	N/A

Note: *GomSpace guides on positive free cash flow in H2 2024. The company does not guide on other financials.

Valuation multiples

	2022	2023	2024E*
P/S (x)	1.0	2.6	N/A
EV/Sales (x)	1.3	2.7	N/A
EV/EBITDA (x)	-1.7	-18.7	N/A
EV/EBIT (x)	-1.2	-6.9	N/A
P/E (x)	-0.8	-5.4	N/A
P/B (x)	1.8	7.1	N/A
P/CF (x)	-1.2	-12.9	N/A

Note: Multiples for 2022 and 2023 are based on historical numbers. *GomSpace does not guide on 2024 financials used in the valuation multiples.

Company description

GomSpace manufactures hardware and software as well as facilitating and launching nanosatellites into space. The company now moves into the microsatellite segment as well. GomSpace was founded in 2007, and the company has invested approx. SEK 900m in technology and development since its IPO in 2016. GomSpace's business areas are commercial (64%), science (27%), academia (5%), and defense (4%) with percentages based on GomSpace's total order backlog by the end of 2023.

Investment case

In today's everyday life in the developed world, space services are vital within important areas such as satellite internet, military surveillance, air traffic management, maritime communication and control, and IoT (Internet of Things). The nanosatellite and microsatellite market is expected to grow with a CAGR of approx. 19% from 2022 to 2027.¹ Market growth is driven by increased data amounts, military intelligence, online tracking, connectivity, and the need to optimize moving assets across industries.

The new space industry is fragmented with most companies being unprofitable. To become profitable, GomSpace is currently in a transformation process with a more market-oriented strategy focusing on 1) increasing product business, 2) project profitability, and 3) expanding in North America. In 2023 and the first quarter of 2024, GomSpace has shown continued progress with orders and revenue on product sales, as well as cost and project management showing improvement on the cash flow side.

Looking at valuation, a peer group with many larger US-listed companies shows that the sector is valued at approx. 2.7x EV/Sales (2023A) and 1.9x EV/Sales (2024E) based on the median of the companies. GomSpace trades in line with the median EV/Sales (2023A) multiple. Going forward, GomSpace has increased its profitability focus, implying that the relative valuation also may focus more on earnings multiples in the coming years.

¹<https://www.marketsandmarkets.com/Market-Reports/nanosatellite-and-microsatellite-market-130496085.html>

Key investment reasons

Being one of the few established companies with flight heritage, GomSpace has a strong value proposition in an industry expected to grow at double-digit growth rates. With more focus on product sales and moving into a bigger part of the market entering the micro-segment, GomSpace has increased its likelihood of catching the expected industry growth. This places the company in a good position, if/when the industry increases its profitability focus.

GomSpace has through 2023 delivered on its main pillars in the transformation process. This continued in the first quarter of 2024 with forward-looking indicators showing momentum. The product sales segment shows good progress on order intake, partly driven by the US. This supports the likelihood of succeeding in moving from a high-risk and low-margin (historically) engineering business to a more stable and less risky model with standardized products. If this is fully realized, it could lower GomSpace's risk profile and increase the attractiveness of the investment case.

Key investment risks

Despite GomSpace's strong execution on the transformation process to become a more market-oriented and profitable organization, there are some related risks. This includes the fact that there are few proven paths to profitability across the new space industry. This implies that there are no guarantees that the strategic changes will provide a positive profitable outcome. With no late-stage profitable peers in the sector, it is also hard to determine and value the long-term peak profitability outcomes.

Although GomSpace has a cash position of SEK 45.8m (end Q1 2024) and guidance of positive cash flow for the second half of 2024, the industry has historically been bumpier and more capital-intensive than expected. As a result, the need for further capital can therefore not be ruled out. However, a potential future capital raise could come on the back of larger growth opportunity investments and an improved business case visibility.

Peer group

Company	Currency	Price (local)	Total return YTD	Market cap (EURm)	Net debt (EURm)	EV/Sales (x)		Revenue growth (%)		EV/EBITDA (x)
						2023A	2024E	2023A	2024E	
AAC Clyde Space AB	SEK	45.0	1%	22.3	-1.7	0.9	0.5	41%	68%	7.2
Spire Global Inc	USD	9.9	26%	237.2	66.4	2.9	2.3	33%	24%	22.8
Terran Orbital Corp	USD	1.0	-12%	187.8	100.7	2.6	1.4	45%	82%	N/A
Rocket Lab USA Inc	USD	4.3	-23%	1,946.7	-112.2	8.3	4.7	16%	74%	N/A
Median of selected companies			-6%	212.5	32.3	2.7	1.9	37%	71%	N/A
GomSpace Group AB*	SEK	4.3	-3%	51.7	1.8	2.7	N/A	18%	N/A	N/A

Note: Company estimates are based on analyst mean estimates from Refinitiv. We do not have analyst estimates for GomSpace from Refinitiv. Data is extracted on 17 May 2024. Source: HC Andersen Capital, Refinitiv, and company reports.

Appendix: Peer group

Peer group selection: Technological development has made space more accessible to commercial space businesses due to lowering launching and operating costs and lowering entry barriers, resulting in an increased competition landscape.

GomSpace operates within the commercial nanosatellite market, targeting the micro and nano segments. The commercial nanosatellite market is still in an early expansion phase, meaning GomSpace operates in a highly dynamic market with increased competition from new entrants and experienced incumbents. In addition, there have been some market consolidation and relevant M&A activities in recent years. For perspectives on valuation multiples, the peer group contains listed companies within the micro- and nanosatellite market. Below, we have briefly described the companies used in the peer group. Note that the comparison varies in company sizes, delivered services, and located geographies. In addition, the peer group landscape may change due to fast-changing technological developments.

AAC Clyde Space: Similar to GomSpace, AAC Clyde Space is listed on Nasdaq First North Sweden, and the company also operates within the commercial nanosatellite market. AAC Clyde Space specializes in small satellite technologies and services that enable customers to access timely data from space through a Space-data-as-a-Service business model. Compared to GomSpace, AAC Clyde Space does not have technology and hardware as their core business, but the companies have many similarities.

Spire Global: Spire Global is based and listed in the US, providing global space-based data and analytics to offer powerful insights and information about Earth. Like GomSpace, the company targets the commercial nanosatellite market, delivering a satellite constellation of +100 nanosatellites to enrich customers with previously unattainable data and information about Earth.

Terran Orbital: Like Spire Global, Terran Orbital is based and listed in the US. The company operates in the emerging commercial "New Space" industry, targeting the commercial nanosatellite market like GomSpace and other peers. Terran Orbital is a manufacturer of satellite products, primarily serving the aerospace and defense industries.

Rocket Lab USA: Lastly, the peer group consists of Rocket Lab USA, listed in the US, delivering launch services and satellite manufacturing. Note that Rocket Lab USA is significantly larger than GomSpace, but a comparison is valuable as both companies have their core capabilities within technology and hardware.

Estimates and assumptions: Most data in the peer group has not been calculated by HC Andersen Capital but is instead consensus analyst estimates from Refinitiv. Some of the companies have no or limited analyst coverage and no guidance, and hence N/A shows for some data points. HC Andersen Capital assumes no responsibility for the correctness of the numbers in the peer group; however, considers Refinitiv a credible source of information.