

Market: First North Premier SE

Ticker: GOMX

Share price (SEK): 4.085

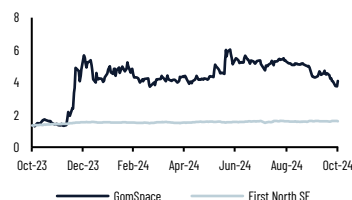
Market cap (SEKm): 574.6

Net debt (SEKm): 49.3 (Q2 2024)\*

Enterprise value (SEKm): 623.9

\*No updated net debt numbers for Q3 2024

## Share information



YTD: -7.2% 1 year: 211.8%  
1 month: -17.1% 3 years: -67.8%

Note: We apply the closing price from 31 October 2024 (Source: Capital IQ).

## 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. No full-year 2024 expectations other than improving revenue and EBIT compared to 2023.

## 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.

## Company description

Founded in 2007, GomSpace is a space company that manufactures and supplies hardware and software in satellite solutions within the nanosatellite and microsatellite segments. GomSpace's business units are divided into Programs (57% of revenue in Q3 2024), Products (37% of revenue in Q3 2024), and North America (6% of revenue in Q3 2024). GomSpace has headquarter in Aalborg, Denmark, and the company has been listed on Nasdaq First North Premier in Sweden since 2016.

## 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.<sup>1</sup> Market growth is driven by increased data amounts, military intelligence, online tracking, connectivity, and the need to optimize moving assets across industries.

GomSpace is having momentum in its transformation process with a more market-oriented strategy focusing on product business, project profitability, and expanding in North America. In the first nine months of 2024, GomSpace has shown continued progress with large orders, increasing product sales as well as cost and project management showing improvement in free cash flow.

Looking at valuation, a peer group shows that the sector is valued at approx. 2.9x EV/Sales (2023A) and 2.5x EV/Sales (2024E) based on the median of the companies (Capital IQ). GomSpace's EV/Sales (2023A) is 2.7x. In August 2024, Lockheed Martin announced an acquisition of Terran Orbital for a valuation that corresponds to approx. 3.3x EV/Sales (2023A) and approx. 3.1x EV/Sales (2024E). Looking ahead, GomSpace and the sector in general have increased its profitability focus, implying that the relative valuation may focus more on earnings multiples in the coming years.

<sup>1</sup><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 which is expected to grow at double-digit growth rates. With more focus on product sales and the microsatellite segment, GomSpace has increased its likelihood of catching at least the expected industry growth.

GomSpace has delivered on its main pillars in the transformation process. Results YTD (first nine months of 2024) shows strong momentum on both the order intake and free cash flow. GomSpace's large increase in order intake is partly driven by a significant SEK 122m contract with Singapore for micro satellites. In the short term, GomSpace could potentially also announce a huge SEK ~650m contract for Indonesia's Ministry of Marine Affairs & Fisheries. EIFO has approved a government export loan for the Indonesian project, but final terms and conditions between Denmark and Indonesia are not completed yet.

## 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 62.3m (end Q3 2024) and guidance of positive free cash flow for H2 2024 (SEK 12.0m in Q3 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	Price (local)	Total return YTD	Market cap (EURm)	Net debt (EURm)	EV/Sales (x) 2023A	EV/Sales (x) 2024E	Revenue growth (%) 2023A	Revenue growth (%) 2024E	EV/EBITDA (x) 2024E
ACC Clyde Space AB	SEK 34.85	-21.9%	17.7	-2.6	0.9	0.5	39.5%	36.2%	7.0
Spire Global, Inc.	USD 9.90	26.6%	221.7	62.0	2.9	2.5	31.7%	19.4%	34.1
Rocket Lab USA, Inc.	USD 10.70	93.5%	4,894.2	-64.8	8.3	12.7	15.9%	78.0%	N/A
<b>Median of selected companies</b>		<b>26.6%</b>	<b>221.7</b>	<b>-2.6</b>	<b>2.9</b>	<b>2.5</b>	<b>31.7%</b>	<b>36.2%</b>	<b>20.6</b>
<b>GomSpace Group AB*</b>	<b>SEK 4.085</b>	<b>-7.2%</b>	<b>50.1</b>	<b>4.3</b>	<b>2.7</b>	<b>N/A</b>	<b>18.2%</b>	<b>N/A</b>	<b>N/A</b>

Note: Company estimates are based on analyst mean estimates from Capital IQ. \*We do not have analyst estimates for GomSpace from Capital IQ. Data is extracted on 31 October 2024. Source: HC Andersen Capital and Capital IQ.

# Appendix: Peer group

**Estimates and assumptions:** Most data in the peer group has not been calculated by HC Andersen Capital but is instead consensus analyst estimates from Capital IQ. HC Andersen Capital assumes no responsibility for the correctness of the numbers in the peer group; however, considers Capital IQ a credible source of information.

GomSpace operates within the commercial satellite market, targeting the nano and micro segments. Over the past years, there have been some market consolidation and relevant M&A activities. 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. As mentioned on page 1, Terran Orbital has been acquired by Lockheed Martin.

AAC Clyde Space: Similar to GomSpace, AAC Clyde Space is listed on Nasdaq First North Premier in 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.

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.

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.