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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. 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%), defense (4%) with percentages based on GomSpace's total order backlog by the end of 2023. The company is listed on Nasdaq First North Premier in Sweden.

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 the increased amount of data and 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, GomSpace has showed continued progress in executing its strategy with increasing product sales and improved free cash flow quarter by quarter.

Looking at valuation, the peer group shows that the sector (median) is valued at approx. 3.2x EV/Sales (2023E). Not all companies have reported 2023 results yet, however, GomSpace trades slightly below at 2.8x EV/Sales (2023) which can be explained by GomSpace's lower growth rate (18%) vs. peers (median of 41%). However, GomSpace has increased its profitability focus, implying that the relative valuation also may include 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 in space, GomSpace has a strong value proposition in an industry that is expected to grow at double-digit growth rates. With more focus on product sales, GomSpace has also increased its likelihood of catching the expected industry growth. This also places the company in a favorable position, as the whole industry increases its profitability focus.

GomSpace has through 2023 delivered on its main pillars in the transformation process. Product sales are increasing, order book has been prioritized following the project profitability focus, and the company exhibits momentum in North America. This points to further progress in 2024 and supports the likelihood of succeeding going 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 the long-term peak profitability outcomes.

Despite ending 2023 with a solid cash position of SEK 61.1m (net debt of SEK 20.4m), and expectations to reach positive free cash flow in H2 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 large growth opportunity investments.

Peer group

Company	Currency	Price (local)	Total return YTD	Market cap (EURm)	Net debt (EURm)	EV/Sales (x)			Revenue growth (%)		
						2022	2023E	2024E	2022	2023E	2024E
AAC Clyde Space AB	SEK	47.4	6%	28.6	-0.9	1.4	1.0	0.6	9%	41%	68%
Spire Global Inc	USD	12.5	60%	267.1	26.3	4.3	3.2	2.4	85%	34%	34%
Terran Orbital Corp	USD	1.1	-6%	192.0	53.1	2.5	0.8	0.5	130%	46%	207%
*Satellogic Inc	USD	1.5	-15%	129.9	-71.5	10.5	4.2	1.3	41%	150%	220%
Rocket Lab USA Inc	USD	4.5	-18%	2,085.3	-112.2	9.9	8.6	4.8	239%	16%	79%
Median			-6%	192.0	-0.9	4.3	3.2	1.3	85%	41%	79%
GomSpace Group AB*	SEK	4.5	2%	56.7	1.8	1.3	2.8	N/A	-7%	18%	N/A

Note: Company estimates are based on analyst mean estimates from Refinitiv except *Satellogic (own guidance). We do not have analyst estimates for GomSpace and Satellogic from Refinitiv. Earnings valuation multiples are excluded in the peer group overview, as companies in the sector are not profitable yet. Data is extracted on 4 March 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. In 2022, the Norwegian company Kongsberg finalized its acquisition of NanoAvionics, purchasing 77% of the company in a deal that valued NanoAvionics at EUR 65m. Secondly, in 2020 Raytheon Technologies purchased Blue Canyon Technologies at a price of approx. USD 350m. 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.

Satellogic: For perspective in the peer group, Satellogic targets the micro satellite market, meaning their satellites are slightly bigger than the ones mentioned by GomSpace and other peers. The company is a US-based and listed provider of satellite imagery to global governments and commercial customers, making high-frequency and high-resolution satellite imagery accessible and affordable.

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.