



Interim report for ÅAC Microtec AB (publ) January – June 2019

2019-08-22 ÅAC Microtec AB (AAC Clyde Space)

Second quarter, April–June 2019 (compared with April–June 2018)

- Net sales amounted to SEK 16.7 M (22.1)
- Operating loss before depreciation/amortisation (EBITDA) totalled SEK -7.7 M (-5.8). EBITDA excluding exchange losses totalled SEK -5.2 M (-5.8)
- Operating loss after depreciations/amortisations totalled SEK -10.8 M (-10.0)
- Loss after tax totalled SEK -11.0 M (-10.0)
- Basic and diluted earnings per share amounted to SEK -0.14 (-0.15)
- Cash flow from operating activities totalled SEK -3.6 M (-14.6)

January–June 2019 (compared with January–June 2018)

- Net sales amounted to SEK 31.7 M (38.5)
- Operating loss before depreciation/amortisation (EBITDA) totalled SEK -14.2 M (-18.1)
Profit for the preceding period include acquisition costs of SEK 8.8 M. EBITDA excluding exchange losses and acquisition costs totalled SEK -11.9 M (-9.4)
- Operating loss after depreciation/amortisation totalled SEK -20.7 M (-25.6)
- Loss after tax totalled SEK -21.1 M (-25.3)
- Basic and diluted earnings per share amounted to SEK -0.29 (-0.40)
- Cash flow from operating activities totalled SEK -8.6 M (-27.8)

Information on significant events during the second quarter of 2019

- The rights issue contributed SEK 82.5 M before transaction costs
- Luis Gomes took office as CEO
- Agreement signed on delivering data under the “space as a service” concept to ORBCOMM Inc. The order represented a value of approximately SEK 54 M over five years
- Order for Sirius Avionics of approximately SEK 4.7 M from Loft Orbital Solutions Inc.
- Subsystems successfully put into operation on two Japanese space missions
- Brent Abbott resigned as CEO of AAC Microtec North America Inc. CSO Craig Clark was appointed Acting CEO of the US subsidiary
- The 2019 Annual General Meeting re-elected Board members Rolf Hallencreutz, Will Whitehorn, Per Aniansson and Per Danielsson. Rolf Hallencreutz also re-elected as Chairman of the Board of Directors. Anita Bernie was elected as new Board member.
- US company York Space Systems successfully launched and put its first satellite into operation. The satellite contains on-board computers, mass storage and power systems from AAC Clyde Space

Significant events after the end of the reporting period

- July witnessed the year’s fourth successful launch of a satellite from AAC Clyde Space, when the NSLSat-1 was launched from the Vostochny Cosmodrome in Russia



Comments from the CEO

On track, with some challenges

It has now been three months since I joined ÅAC Microtec AB and was given the privilege of leading this company. As I joined, I found a team of extremely knowledgeable, motivated and dedicated people, delivering results with an enthusiasm that I found contagious and exciting. This is a company at the cutting edge of the New Space industry, delivering pioneering projects that are helping to change the world.

Like most companies we also face challenges. This quarter highlighted some of those: our revenue is lower than we aspired to, and some projects have incurred higher costs. The decrease in turnover is mainly due to a delayed start in new projects as the recruitment of personnel has taken time and some on-going projects have taken longer to complete than expected.

We had a good order intake in the second quarter, with a milestone contract for our “satellite-as-a-service” concept with ORBCOMM being the highlight of the quarter. The sales process continues to be long, as is common in not yet fully developed, emerging sectors. It requires patience, but I find it comforting to see that we have a growing and healthy pipeline of potential customers.

We delivered two satellites into orbit during the quarter, including our first 6U CubeSat, and continue to progress several major projects for delivery later this year and in early 2020. We also delivered two Sirius subsystems and power systems into orbit, building the flight heritage for this range of standardized subsystems for small satellites.

We continued to tackle some of our internal challenges: we have now hired eleven new colleagues that will join our team in Glasgow successively during the third quarter, addressing legacy vacancies as well as adding new skills to the team. Our delivery performance continues to improve, reflecting the improved delivery management structure implemented by our COO. To prepare the company for the next level, managing larger volumes, we are strengthening our supply chain management, our quality controls and our operations team.

Another milestone in the quarter was the successful rights issue that raised SEK 82.5 million before fees and costs. The process, led by our CFO, saw the rights issue heavily oversubscribed, showing that investors believe in the future of ÅAC Microtec AB and see the potential for growth of the company.

Bringing together our legacy from ÅAC Microtec in Uppsala with the strong brand and space heritage established by Clyde Space, we announced that we will operate under the name AAC Clyde Space, and introduced a new look and web site. The new branding was unveiled just before the Small Satellite Conference in Logan, Utah that took place in early August. Once again, this conference showed the strength and dynamism of the small satellite sector, and the crucial role played by AAC Clyde Space in it.

Looking ahead to the current quarter, I will continue to implement the plan that I set out when I took over in May: ensure that we successfully deliver our commitments, working with the delivery teams to target a 100 per cent success rate of on-time delivery; target the win of key contracts for our platforms business and ensure that the subsystems business remains strong and expands its customer base. Additionally, we will continue to improve our performance to increase the efficiency of our operations, with the introduction of a new product policy aimed at rationalising our product lines. In parallel, we will continue to evolve our technology and have prepared robust plans for our next generation of avionics. The funding from the rights issue will allow us to implement these plans, as well as support our expansion plans.

I look forward to continuing working hard together with the team to realize our ambitious plans and meet the expectations from our shareholders.

Luis Gomes
CEO



FOR MORE INFORMATION:

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The information in this press release is such that ÅAC Microtec AB (publ) shall announce publicly according to the EU Regulation No 596/2014 on market abuse (MAR). The information was submitted for publication, through the agency of the contact person set out above, at 8:30 CET on 22 August 2019.

ABOUT AAC CLYDE SPACE

The group AAC Clyde Space offers turnkey solutions and services from mission design to on-orbit operations, including reliable customizable satellite platforms in the range of 1 to 50 Kg and a full range of subsystems for cube and small satellites. With unrivalled flight heritage and end-to-end service, AAC Clyde Space enables customers to reach their mission goals through a single, trusted point of contact.

ÅAC Microtec's shares are traded on Nasdaq First North Premier Stockholm. Erik Penser Bank AB, e-mail certifiedadviser@penser.se, telephone +46 8 463 83 00, is the Certified Adviser