

Wednesday, 30 April 2025

Major Strategic Supply Agreement Signed

Evolution Capital provides an update on Amaero Ltd ("Amaero" or "3DA"), the U.S.-based leader in advanced alloy powders for additive manufacturing. On Monday, 29 April 2025, Amaero announced the signing of a five-year exclusive supply agreement with Velo3D, Inc. ("Velo3D"), a pioneer in next-generation metal 3D printing for aerospace and defence. Under the agreement, Amaero will be the exclusive supplier of C103 and refractory alloy powders, and preferred supplier for titanium alloy powders, securing an anticipated revenue opportunity of approximately **A\$35 million over the contract term**. This landmark agreement is a major validation of Amaero's strategy to become a critical supplier into the U.S. defence industrial base. We reaffirm our SPEC BUY recommendation and increase our fair valuation to A\$0.58 from our 16 April 2025 initiation of the company (\$0.54).

Commercialisation Momentum Accelerates: With the Velo3D agreement in place, Amaero transitions decisively from capacity build-out to commercial execution. As Velo3D rapidly expands its footprint across leading aerospace and defence primes including SpaceX, Lockheed Martin, and Honeywell, Amaero's proprietary powders are positioned for broad market penetration. The exclusivity framework provides a highly visible, contracted revenue stream and sets a strong foundation for scalable, recurring growth through H2 2025 and beyond.

Anchoring U.S. Sovereign Manufacturing Capabilities: Amaero's positioning as a U.S.-based exclusive supplier for critical alloys directly supports national priorities in reshoring high-value manufacturing. With surging demand for refractory materials in hypersonics, propulsion, and advanced aerospace systems, Amaero's high-purity C103 and titanium powders are ideally placed to meet mission-critical needs. The Velo3D partnership validates the depth of Amaero's technical expertise and reinforces its first-mover advantage in premium alloy atomisation.

Pathway to De-risked Growth: Powder qualification remains the immediate focus, with certification milestones targeted by 30 November 2025. Execution risk is mitigated by robust technical processes, strong commercial alignment, and contractual protections. Once qualification is achieved, the exclusivity terms underpin a significant step-change in revenue certainty, setting the stage for long-term, scaled production with defensible margins.

Compelling Re-rating Potential: We maintain our SPEC BUY recommendation with a fair valuation of A\$0.58. The Velo3D agreement materially strengthens Amaero's revenue base, de-risks near-term cashflow visibility, and positions the company for multi-atomizer scaling through 2025 and 2026. We view Amaero as uniquely leveraged to the re-industrialisation of critical supply chains and anticipate increasing investor focus as execution milestones are delivered.

Recommendation	SPEC BUY
Share Price	\$0.26
Fair Valuation	\$0.58

Company Overview	
Market Cap	~\$183M
Enterprise Value	~\$166.5M
Cash	~\$29M
SOI	~690M
Free Float	~63%
52-Week Range	\$0.20 - \$0.50



Company Overview
Amaero is a U.S.-based leader in advanced materials and manufacturing, specializing in high-performance, lightweight, and heat-resistant alloys for aerospace, defence, and industrial markets. Its proprietary technologies deliver materials that improve strength and thermal resistance while reducing costs. With a focus on refractory and titanium alloys, Amaero supports critical supply chains with next-generation manufacturing solutions.

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Click [here](#) to access Evolution Capital's Initiation Report of Amaero published 16 April 2025.

Catalyst	Timeline
Completion of Tennessee facility fit-out; Commissioning of Atomizer #2	Mid 2025
Ramp-up of commercial shipments and first revenue recognition from C103 supply agreements	H2 2025
Start of full-scale C103 AM powder	H2 2025
Ti-64 powder qualification finalization	Q4 2024
Commissioning of Atomizer #3	June 2026
Expansion of C103 production; Commissioning of Atomizer #4	Beyond 2026

A Transformational Step Forward

Amaero Ltd (ASX:3DA) has achieved a major commercial milestone with the signing of a five-year exclusive supply agreement with Velo3D, Inc., a leading U.S. provider of metal additive manufacturing solutions for aerospace and defence applications. Under the agreement, Amaero will exclusively supply C103 and refractory alloy powders, and act as the preferred supplier for titanium alloy powders, with expected revenue contributions of approximately A\$35 million over the contract term, or around A\$7 million per annum once fully ramped.

This landmark agreement represents a critical validation of Amaero's commercial strategy and advances its transition from capacity build-out to contracted revenue generation, positioning the company as an essential supplier to the U.S. defence and aerospace industrial base.

Operational Progress and Scaling Outlook

The Velo3D agreement initiates a phased ramp-up of Amaero's commercial operations.

Qualification of Amaero's C103 and titanium powders remains the immediate focus, with certification milestones targeted for completion by November 2025. Successful qualification will trigger the start of initial deliveries, providing a predictable contracted revenue stream.

Amaero's Tennessee production facility forms the core of the company's near-term delivery capabilities. While Atomizer #1 is operational, production output will remain constrained during FY25 due to capacity limitations. The commissioning of Atomizer #2, scheduled for mid-FY25, and Atomizer #3 in FY26, will enable significant scaling of powder production to meet anticipated customer demand. Operational leverage is expected to improve materially from FY26 onwards as additional atomization capacity comes online, allowing Amaero to drive stronger unit economics and improve margins.

The successful scale-up of production, coupled with high visibility on contracted revenue streams, provides a strong foundation for sustained commercial momentum into FY26 and FY27.

Strategic Foundations and Market Opportunity

Amaero's progress has been underpinned by substantial investments in its manufacturing infrastructure, technical capabilities, and strategic supply agreements, most notably a long-term titanium sourcing partnership with Perryman. Over the past decade, Amaero has built a robust technical foundation through collaborations with leading institutions such as Monash University and CSIRO. This investment in process development and quality systems has enabled Amaero to qualify its production processes to the demanding standards required by U.S. defence and aerospace customers, creating a strong barrier to entry for competitors.

The Velo3D agreement firmly positions Amaero at the center of the rapidly expanding market for critical alloys used in advanced additive manufacturing. As the U.S. government continues to prioritize the reshoring of critical manufacturing capabilities, demand for high-purity refractory and titanium alloys is expected to rise sharply.

Amaero's focus on delivering ultra-pure powders for mission-critical applications provides a distinct competitive advantage, particularly in sectors where performance, consistency, and scalability are essential.



With the total addressable market for critical alloys in additive manufacturing estimated in the billions globally, Amaero is now well-positioned to capture a meaningful and growing share of this opportunity as adoption accelerates across defence, aerospace, and space exploration markets.

About Velo3D

Velo3D, Inc. is a leading U.S.-based technology company specializing in advanced metal additive manufacturing. Its proprietary Sapphire printer platform enables the production of complex, high-performance metal parts without extensive support structures, enhancing design freedom and efficiency. Velo3D's technology is critical in mission-driven sectors such as aerospace, defence, and space exploration, where weight, strength, and precision are essential. Key customers include SpaceX, Lockheed Martin, and Honeywell, positioning Velo3D at the forefront of next-generation U.S. manufacturing innovation.

Valuation

We maintain our SPEC BUY recommendation on Amaero, with an updated fair valuation of A\$0.58 per share (from the \$0.54 valuation at 16 April 2024).

3DA Valuation (A\$M)	
Terminal Growth Rate	4.0%
Discount Rate	12.38%
Terminal Value	890.92
Present Value	442.28
Enterprise Value	466.93
Net Debt	-103.75
Equity Value	440.83
Fully Diluted Shares	765.56
Fair Valuation	\$0.5758

Figure 1: DCF-derived valuation of BDX remains unchanged.

This valuation reflects the material de-risking from the Velo3D agreement, which secures a highly visible, multi-year revenue stream and strengthens Amaero's positioning within the critical U.S. defence and aerospace supply chain. The contract is expected to contribute approximately A\$7 million in annualized revenue once fully ramped, beginning progressively from FY26 following successful completion of powder qualification, targeted for November 2025.

Powder qualification is a critical technical milestone where Amaero must demonstrate that its C103 and titanium powders meet strict material, performance, and process standards required by Velo3D and its aerospace and defence customers. Only upon successful qualification will the contractually agreed deliveries and revenue streams commence.

Our revised valuation also factors in expected improvements in operating leverage as atomizer utilization increases. As production volumes scale in FY26 and FY27, unit costs are expected to decline significantly, leading to lower Cost of Sales and expanding gross margins.

In our view, a steady pipeline of additional supply agreements is likely to materialize, supporting continued scaling of Amaero's production capacity and further revenue diversification beyond Velo3D.

At the current share price, we believe Amaero's valuation does not fully reflect its strategic positioning as a U.S.-based supplier of critical high-performance alloys to the defence industrial base.

Successful execution of current contracts, achievement of powder qualification milestones, improved cost efficiencies, and securing of further customer agreements could drive a material re-rating of the stock over the medium term.

Key risks

Powder Qualification Risk: Amaero's ability to commence revenue generation under the Velo3D contract depends on successful qualification of its C103 and titanium powders by November 2025. Delays or failure to achieve certification could materially defer revenue ramp-up and impact commercial momentum.

Execution and Scale-Up Risk: As Amaero transitions from pilot-scale to larger commercial production, risks around production consistency, process optimisation, and supply chain management remain. Any setbacks could limit the pace of revenue scaling and customer satisfaction.

Customer Concentration Risk: Initial revenues are heavily reliant on Velo3D. While additional supply agreements are being pursued, dependency on a single major customer introduces exposure to variations in demand, renegotiation risks, and operational alignment challenges.

Financials

Income Statement A\$M	FY24a	FY25e	FY26e	FY27e	FY28e	FY29e	FY30e
Contract Revenue	0.46	7.87	35.06	93.02	232.78	259.73	353.93
Cost of Sales	-0.34	-7.48	-24.19	-60.46	-148.98	-158.43	-205.28
Gross Profit	0.12	0.39	10.87	32.56	83.80	101.29	148.65
Other Income	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01
Total Revenue	0.11	0.38	10.86	32.54	83.79	101.28	148.64
Operating expenses	-16.64	-19.24	-26.17	-30.33	-31.96	-30.39	-33.39
EBITDA	-16.53	-18.86	-15.32	2.21	51.82	70.89	115.25
D&A	-1.04	-4.20	-4.71	-4.19	-3.64	-3.66	-3.65
EBIT	-17.57	-23.06	-20.03	-1.98	48.19	67.23	111.60
Net Interest	-0.55	-1.32	-2.65	-2.65	-2.65	-1.95	-1.04
NPBT	-18.12	-24.39	-22.68	-4.62	45.54	65.28	110.56
Tax expense	0.00	0.00	0.00	0.00	-13.66	-19.58	-33.17
NPAT	-18.79	-24.39	-22.68	-4.62	31.88	45.70	77.39

Other Comprehensive Income A\$M	FY24a	FY25e	FY26e	FY27e	FY28e	FY29e	FY30e
OCI (year) net of tax	0.30	n/a	n/a	n/a	n/a	n/a	n/a
Total comprehensive income	-18.48	n/a	n/a	n/a	n/a	n/a	n/a

Weighted Avg Shares Out	465.12	690.39	765.56	765.56	765.56	765.56	765.56
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Balance Sheet A\$M	FY24a	FY25e	FY26e	FY27e	FY28e	FY29e	FY30e
Cash	11.99	20.71	11.56	7.66	23.51	59.76	118.55
Trade and other receivable	0.19	3.97	8.83	23.25	58.19	64.93	88.48
Inventories	1.48	1.63	1.79	1.97	2.16	2.38	2.62
Other	0.75	0.50	0.50	0.50	0.50	0.50	0.50
Current assets	14.41	26.80	22.68	33.38	84.37	127.57	210.15
PPE	16.67	36.07	44.82	39.93	35.38	39.52	43.38
Right-of-use assets	18.66	23.95	22.51	19.89	16.55	12.78	8.74
Other non-current assets	0.38	0.80	1.76	4.36	8.11	7.98	0.54
Non-current assets	35.71	60.82	69.09	64.18	60.04	60.28	52.66
Total assets	50.11	87.62	91.77	97.56	144.41	187.85	262.81

Trade and other payables	1.36	9.62	10.73	10.62	9.59	9.12	10.35
Lease liabilities	0.03	0.03	2.13	2.34	2.58	2.83	3.12
Income tax	0.14	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.07	5.00	4.00	4.40	4.40	10.50	9.10
Current liabilities	1.60	14.65	16.86	17.36	16.57	22.45	22.57
Lease liabilities	16.04	16.20	16.36	22.09	35.34	35.70	42.84
Borrowings	0.00	18.90	37.80	37.80	37.80	27.80	14.80
Other liability	3.04	7.61	8.37	12.55	15.06	16.57	19.88
Non current liabilities	19.08	42.71	62.53	72.44	88.20	80.06	77.52
Total Liabilities	20.69	57.36	79.39	89.80	104.77	102.51	100.08
Net Assets	29.43	30.26	12.38	7.76	39.64	85.34	162.73

Issued capital	77.43	98.55	103.35	103.35	103.35	103.35	103.35
Retained earnings	-52.16	-76.54	-99.22	-103.84	-71.96	-26.27	51.13
Reserves/Other	4.16	8.26	8.26	8.26	8.26	8.26	8.26
Total equity	29.43	30.26	12.38	7.76	39.64	85.34	162.73

Statement of Cashflows A\$M	FY24a	FY25e	FY26e	FY27e	FY28e	FY29e	FY30e
Net profit for period	-18.12	-24.39	-22.68	-4.62	31.88	45.70	77.39
Depreciation & Amortisation	-1.04	-4.20	-4.71	-4.19	-3.64	-3.66	-3.65
Changes in working capital	8.12	16.72	7.24	15.10	34.34	12.84	23.91
Other	-12.60	-13.61	-15.65	-18.00	-20.70	-24.84	-29.80
Operating cash flow	-12.60	-23.30	-9.55	2.47	21.87	61.36	86.94

Payments for PPE	-12.23	-25.00	-15.00	-1.00	-1.00	-10.00	-10.00
Payments for Rights of use assets	-0.37	-0.40	-0.44	-0.66	-0.99	-1.49	-1.78
Payments for security deposits	-0.37	-0.40	-0.44	-0.66	-0.99	-1.49	-1.78
Other	0.00	0.00	0.00	-3.00	-3.00	-3.00	-3.00
Investing cash flow	-12.60	-30.69	-18.29	-6.37	-6.02	-15.10	-15.15

Equity Raised	30.58	47.04	0.00	0.00	0.00	0.00	0.00
Borrowings	0.00	18.90	18.90	0.00	0.00	-10.00	-13.00
Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Share issue transaction costs	-1.54	-2.35	0.00	0.00	0.00	0.00	0.00
Other	-0.59	-0.88	-0.20	0.00	0.00	0.00	0.00
Financing cash flow	28.45	62.71	18.70	0.00	0.00	-10.00	-13.00

Cash flows	3.25	8.72	-9.15	-3.90	15.85	36.25	58.79
Cash year end	11.99	20.71	11.56	7.66	23.51	59.76	118.55

Investment Fundamentals	FY24a	FY25e	FY26e	FY27e	FY28e	FY29e	FY30e
Growth							
Revenue Growth %	n/a	1597%	345%	165%	150%	12%	36%
EBITDA Growth %	n/a	n/a	n/a	n/a	2344%	137%	163%
NPAT Growth %	n/a	n/a	n/a	n/a	n/a	143%	169%

Margins & Ratios							
EBITDA Margin	-14885%	-4960%	-141%	2%	22%	27%	33%
Quick Ratio	8.5	1.8	1.3	1.9	5.1	5.7	9.3
Debt to Equity	0%	19%	39%	39%	39%	30%	17%
Net Margin	n/a	n/a	n/a	n/a	38%	45%	52%
ROA	n/a	n/a	n/a	n/a	22%	24%	29%
ROE	n/a	n/a	n/a	n/a	30.8%	44.2%	74.9%

Valuation							
EPS	n/a	n/a	n/a	n/a	0.042	0.06	0.10
FCF per share	n/a	n/a	n/a	n/a	0.021	0.06	0.09

Exchange differences on translation were not considered in the overall OCI assessment, as they result from marginal foreign currency translation differences that do not materially impact the financial outlook

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