

Space race heats up as spy satellite maker Kleos looks to blast onto the ASX



ASX-bound satellite maker Kleos will have to avoid dummies driving Teslas.

Tech

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Luxembourg satellite maker Kleos Space plans to raise \$11 million in an Initial Public Offering to fund a global, space-based spy network.

Backed by the Luxembourg government, Kleos plans to launch satellites that can locate and listen to mobile phones, satphones, maritime radio and “ships of undesirable users such as drugs and people smugglers, terrorists, pirates, illegal fishermen and those in need of search and rescue”.

Kleos plans to launch its first satellite system next year, followed by a constellation of 20 more radio data collection systems, providing global coverage.

The company this week successfully raised \$2.2 million in seed funding within 48 hours. It now plans to raise another \$11 million in an IPO — at an issue price of 20c — ahead of an expected ASX listing in July.

Kleos plans to initially launch one satellite in 2019 that can collect, locate and track any device transmitting radio frequencies.

It says the technology can globally monitor activity of individuals, vehicles or assets to within 100m of their location – without reliance on other tracking systems.

The main customers for the data would be security agencies tracking and monitoring illegal activity, said the lead manager from Hunter Capital, Stephen Silver.

“Kleos Space is focused on communications for government — and Australia is a key target market,” Mr Silver said.

“Its data is of huge value to agencies to track illegal immigration or fishing offshore to protect Australia’s vast coastline.”

Globally, the Intelligence Surveillance Reconnaissance (ISR) market is valued at \$26 billion and Kleos is placed as a first-mover in the low earth orbit space.

Current land-based solutions were expensive, technically limited by range, and subject to counter threats. Meanwhile, operating from space had become cost-effective.

“The cost per kilogram has come down significantly ann with players the likes of Virgin Galactica and Space X entering the market, space is even more accessible,” Mr Silver said.

Intergalactic competition

Kleos will be hoping to emulate Sky and Space Global (ASX:SAS) which has enjoyed a stellar performance on the ASX since listing in a reverse takeover in May 2016.

Since then, SAS shares have climbed from 3c as high as 28.5c — though the shares have drifted back to 16c.

In a similar vein to Kleos, SAS is **launching nano-satellites into space** – but to provide communication services to customers in developing countries.

Late last year SAS signed a **\$30 million deal with an African mobile payments outfit** to provide bandwidth to facilitate financial transactions.

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