



AST SpaceMobile, Inc.

Dead Zones are Dead: AST SpaceMobile

ASTS is positioned to be the first 4G/5G space-based, direct-to-device, cellular broadband provider. With next-generation BlueBird Satellites in production and ready for commercial rollout, we initiate \$ASTS as a BUY with a PT of \$94, reflecting our confidence in their competitive lead and the potential inflection point in the future of telecommunications.

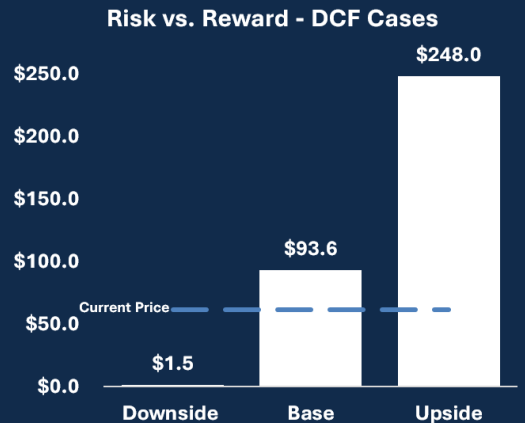
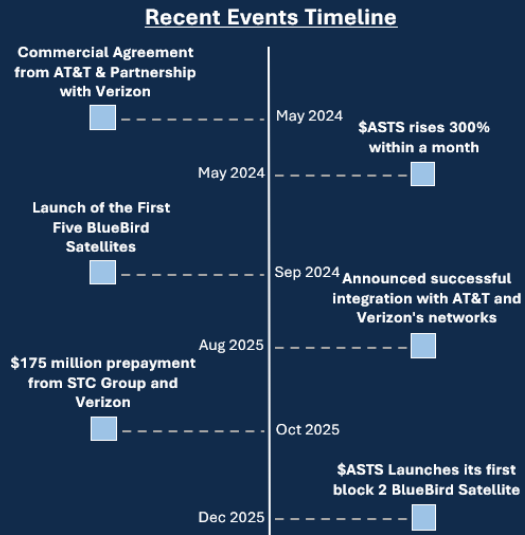
Company Overview: AST SpaceMobile is the first and only space-based cellular broadband direct-to-device service provider. The company provides full broadband directly to standard smartphones, without specialized hardware or phone modifications, using its BlueBird satellite technology. AST SpaceMobile has 1800+ employees and operates a 95% vertically integrated satellite production, producing roughly 2,400 square-foot satellites with large phased-array antennas and serving the low-band broad cellular spectrum. They currently have five operational BlueBird 1-5 satellites in orbit, and Next-Generation BlueBird 6-16 in production, ready for launch on a rolling basis over the coming months. AST has received launch agreements for 45-60 satellites through Blue Origin, the Indian Space Research Organization (ISRO), and SpaceX to be launched in 2026 as they reach production cadence of 6 BlueBirds per month. The company has also established contracts with over 50 Mobile Network Operators (MNO) partners and US government contracts, giving them direct access to 3 billion subscribers globally and contracted revenue of over 1 billion dollars through strategic partners, including AT&T, Verizon, Vodafone, Rakuten, Orange, Telefonica, Bell, and others, supporting its global expansion strategy. AST SpaceMobile's mission to become the first space-based cellular broadband provider, delivering 4G/5G directly from space, provides opportunities for the 87% of the planet outside the reach of traditional cell towers to access schools, work, banking, healthcare, and connection to loved ones.

Thesis Point 1: AST SpaceMobile has secured more than 50 contracts with mobile network operators (MNOs) worldwide and has also received eight government contracts, including deals with multiple branches of the U.S. armed forces and the Defense Innovation Unit (DIU) for purposes such as first tactical non terrestrial network connectivity. These agreements guarantee more than one billion dollars of revenue and establish long term commercial partnerships. AT&T signed a 10 year agreement for low band spectrum, and Saudi Telecom Group (STC) committed 175 million dollars in prepayments through the end of 2025. With this contractual foundation, AST SpaceMobile is creating a moat through partner customer reach and roughly 95 percent satellite vertical integration, enabling greater control over costs, efficiency, and execution. With over one billion dollars in contracted revenue, the company is positioned to fund continued development as commercial services begin to scale, supported by security focused and long duration contracts. Together, its contracted revenue base, MNO distribution, and government relationships work together to create a moat. If the company proceeds on schedule, it will be positioned to administer satellites in the United States, Canada, Japan, and the UK by Q1 2026 as it begins generating meaningful revenue. AST SpaceMobile will distribute services through mobile network operators and offer day passes, monthly add ons, and standalone plans, providing flexible options for end users. As the sole space based cellular broadband direct to device provider addressing a global six billion phone market, AST SpaceMobile has a highly accessible growth opportunity even with modest market penetration.

Thesis Point 2: AST Spacemobile has forged strategic partnerships with many companies, but Taiwan Semiconductor Manufacturing Company (TSMC) has been key to its development of the next-generation BlueBird offering, which delivers unparalleled signal processing and data throughput. TSMC has been a partner of AST Spacemobile, collaborating on the AST5000 ASIC (application-specific integrated circuit) chip, which supports up to 10,000 MHz of processing bandwidth per satellite. The AST5000 ASIC chip, along with increased phased-array capacity and 3800+ patents, puts AST SpaceMobile in a position for secured growth as the company starts its BlueBird Block 2 satellite program rollout throughout 2026. With the help of the ASIC chip, the next-generation BlueBirds offer 3x the satellite area of BlueBirds 1-5 and approximately 10x the connectivity and data capacity, thanks to AI data optimization, which improves efficiency, reduces power consumption, and increases chip bandwidth.



TICKER:	\$ASTS
RATING:	BUY
PRICE:	\$61.86
PRICE TARGET:	\$94.00
MARKET CAP:	\$22.3bn
52-W RANGE:	\$17.50 - 102.79
P/B:	17.19x
IMPLIED UPSIDE:	51%



Risk 1: Valuation and Sentiment

Although AST SpaceMobile is fundamentally a telecommunications company, growing discussions about AI and space-based data centers are driving AI-adjacent premium valuation. This may cause sensitivity to the broader AI market, while still being a developmental stock at a high valuation. Although this is justified by their 50+ contracts and substantial rollout progress, they must execute nearly perfectly to withhold the high expectations for AST SpaceMobile.

Risk 2: Execution and Technical Risk

Having such strong expectations, AST SpaceMobile has minimal room for error. Any launch failures, setbacks, or broken promises of strong connectivity will directly affect the company's valuation. AST SpaceMobile needs to maintain its competitive edge against competitors like SpaceX and Globalstar, which are currently pursuing narrowband services. Although AST SpaceMobile differs from its 4G/5G full broadband service, it needs to maintain its technological lead as a strong component of non-terrestrial network (NTN) connectivity.

Catalysts: Commercial Inflection and Expansion

Due to AST SpaceMobile still being in the developmental stage, it has an opportunity to become the new standard of non-terrestrial network (NTN) connectivity compared to conventional mobile networks. With the security of their 50 MNO partners, they have the resources and client backing to reach the operational capacity of the projected 90 BlueBirds, effectively eliminating nearly all dead zones globally. Beyond connectivity, AST SpaceMobile is also exploring Data Centers in Space, as this removes the need for extensive terrestrial infrastructure and leverages power generation and thermal management systems. If successful, AST SpaceMobile will offer global coverage and orbital computing, positioning them as a foundational component of the satellite network.

Valuation:

DCF Analysis (\$mm)						
	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
	12/31/2025	12/31/2026	12/31/2027	12/30/2028	12/30/2029	12/31/2030
Revenue	120	385	1,515	3,614	5,531	6,767
Revenue Growth	2616%	221%	294%	139%	53%	22%
Supplemental/Primary	70	210	945	2,504	4,007	4,808
Day Passes	0	100	420	840	1,092	1,310
Government	50	75	150	270	432	648
EBIT	(274)	308	1,250	3,072	4,839	6,090
EBIT Margin	-228%	80%	83%	85%	88%	90%
Tax Expense	2	0	72	353	835	1,401
Effective Tax Rate	-1%	0%	6%	12%	17%	23%
NOPAT	(276.00)	308.00	1,178.01	2,718.82	4,004.64	4,689.23
D&A	44	239	742	1,301	1,272	677
Capex	751	(39)	(95)	(90)	69	338
Changes in NWC	1,144	6,291	18,563	29,510	22,552	(68)
UFCF	(2,127)	(5,706)	(16,547)	(25,400)	(17,344)	5,095
PV of FCF	(2,120)	(5,260)	(13,143)	(17,382)	(10,226)	2,588

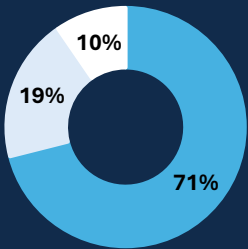
Summary:

Our Base DCF case assumes a 23.0x exit multiple and a terminal growth rate of 1.0%, supported by accelerated revenue growth as satellite deployment cadence begins. As AST SpaceMobile transitions from development to early commercialization, it poses a significant opportunity for revenue growth and market share capture within the global telecommunications industry.

Conclusion

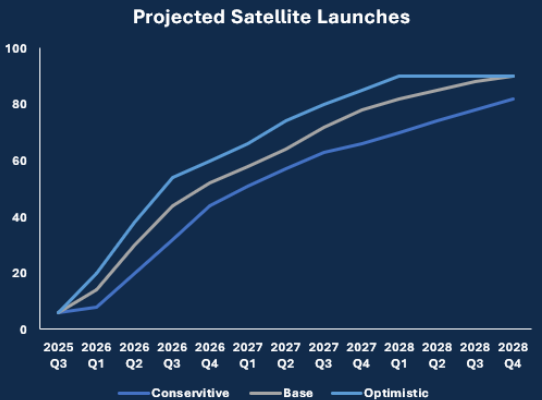
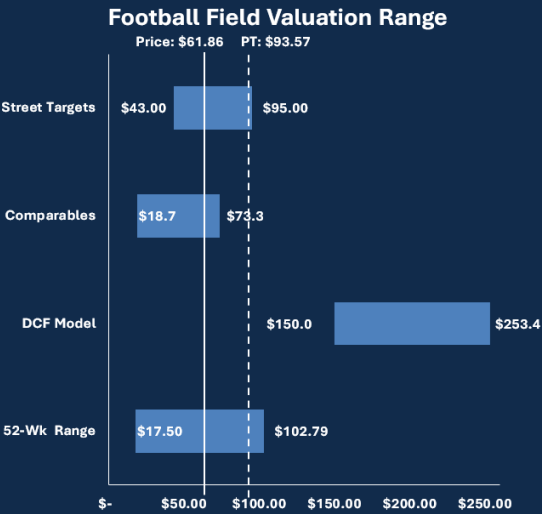
AST SpaceMobile is positioned to be a strong proponent of the next generation of telecommunication services. With their 4G/5G connectivity, 50+ MNO and government contracts, and advanced BlueBird technology, AST SpaceMobile stands at the forefront of satellite direct-to-device service. While valuation and speculative risks remain, the company's track toward eliminating global deadzones supports our BUY rating with a price target of \$94.

2030 Revenue Segments



- Supplemental/Primary
- Day Passes
- Government

Terminal Value	
EV/EBITDA Exit Multiple	23.0x
Terminal Value	\$155,631
PV of Terminal Value	\$78,928
PV of Projection Period	-\$45,527
PV of Terminal Value	\$78,928
Implied TEV	\$33,401
(-) Debt	-\$482
(+) Cash	\$0
Implied Equity Value	\$33,883
Diluted Shares Outstanding	362
Implied Share Price	\$93.66
Upside/Downside	37.0%



Income Statement (\$mm)	2024A	2025E	2026E	2027E	2028E	CAGR%
Revenue	4	120	385	1,515	3,614	434.8%
EBITDA	(543)	(230)	547	1,992	4,373	#NUM!
EBIT	(243)	(274)	308	1,250	3,072	#NUM!
NOPAT	(244)	(276)	308	1,178	2,719	#NUM!
Margin & Growth Data	2024A	2025E	2026E	2027E	2028E	AVG%
EBITDA Margin	-12287.1%	-191.7%	142.0%	131.5%	121.0%	-2416.9%
EBIT Margin	-5494.8%	-228.3%	80.0%	82.5%	85.0%	-1095.1%
Revenue Growth	#DIV/0!	2616.2%	220.8%	293.5%	138.6%	#DIV/0!
EBIT Growth	9.2%	12.9%	-212.4%	305.8%	145.8%	52.2%
Valuation Metrics	2024A	2025E	2026E	2027E	2028E	AVG%
P/FCF	-85.7x	-13.0x	-4.9x	-1.7x	-1.1x	-21.3x
EV/Sales	1803.5x	227.2x	70.8x	18.0x	7.5x	425.4x
EV/EBITDA	-50.2x	-118.5x	49.9x	13.7x	6.2x	-19.8x
FCF Yield	-1.2%	-7.7%	-20.6%	-59.6%	-91.5%	-36.1%

Comparable Companies

\$mm

Ticker	Mkt Cap	EV	P/B LTM	Revenue LTM	EBITDA LTM
GLOBALSTAR, INC. (XNAS:GSAT)	\$9,290	\$9,480	25.4x	\$262	\$100
IRIDIUM COMMUNICATIONS INC. (XNAS:IRDM)	\$1,961	\$3,683	4.1x	\$945	\$445
ROCKET LAB CORPORATION (XNAS:RKLB)	\$32,845	\$32,339	23.8x	\$544	-\$192
VIASAT, INC. (XNAS:VSAT)	\$4,847	\$10,744	0.0x	\$4,582	\$119
AST SPACEMOBILE, INC. (XNAS:ASTS)	\$22,380	\$20,840	17.2x	\$19	-\$199

Ticker	LTM EV/EBITDA	Gross Margin	EBITDA Margin	EBIT Margin	1 Yr Rev Growth Rate	LI
GLOBALSTAR, INC. (XNAS:GSAT)	94.6x	65.4%	38.2%	4.1%	8.5%	
IRIDIUM COMMUNICATIONS INC. (XNAS:IRDM)	8.3x	71.3%	51.0%	27.1%	5.9%	
ROCKET LAB CORPORATION (XNAS:RKLB)	-168.4x	31.8%	34.7%	41.4%	37.4%	
VIASAT, INC. (XNAS:VSAT)	90.3x	33.0%	30.9%	2.6%	3.1%	
AST SPACEMOBILE, INC. (XNAS:ASTS)	-104.7x	68.0%		0.0%	1,199.4%	

High	94.58x	71.3%	51.0%	41.4%	1199.4%
75th Percentile	90.29x	68.0%	41.4%	27.1%	37.4%
Average	-16.00x	53.9%	38.7%	15.0%	250.8%
Median	8.28x	65.4%	0.0%	4.1%	8.5%
25th Percentile	-104.72x	33.0%	33.8%	2.6%	5.9%
Low	-168.43x	31.8%	30.9%	0.0%	3.1%

AST SPACEMOBILE, INC. (XNAS:ASTS)

Implied Enterprise Value (25th Percentile)	\$	20,840
Implied Enterprise Value (Median)	\$	(1,647)
Implied Enterprise Value (75th Percentile)	\$	(17,967)

Implied Share Price (25th Percentile)	\$	58.94
Implied Share Price (Median)	\$	(3.22)
Implied Share Price (75th Percentile)	\$	(48.33)

Weighted Average Cost of Capital (\$mm)

Market Risk Premium	4.33%
Beta	2.68
Risk Free Rate	4.19%
Cost of Equity	16.06%
Weighted Average Cost of Debt	0.00%
Tax Rate	0.00%
Cost of Debt	0.00%
Total Equity	\$27,747
Total Debt	(\$482)
Equity/Total Capitalization	101.77%
Debt/Total Capitalization	-1.77%
WACC	16.06%

Downside Case: Assumes a 22.0x EBITDA multiple, with delays in satellite production, launches, and customer adoption, promoting slower growth and reduced profitability.

Upside Case: Assumes a 24x EBITDA multiple, driven by strong adoption and successful execution of satellites and operational milestones.

Disclosures and Ratings: Bluegrass Capital Research does not hold any professional relationships with the securities mentioned in this report. Our ratings are defined as follows: **Buy** (expected to outperform the market), **Hold** (expected to perform in line with the market), and **Sell** (expected to underperform the market), typically over a 12-month horizon. This report is for educational and informational purposes only and should not be considered as financial advice.