

Iridium Communications, Inc. (Nasdaq: IRDM)

Rating: Buy

Price Target: \$45.00

Share Price: \$25.54

Greg Mesniaeff
gmesniaeff@kingswoodus.com
July 29, 2025

Company Data

Average Daily Volume (M)	1.41
52-Week Range	19.91-35.85
Shares Outstanding (M)	106.11
Market Cap (M)	2,710.15
Enterprise Value (M)	4,440.05
Total Cash (M), mrq	79.31
Total Debt (M)	1,809.17
Total Debt to Cap	79.3%

Estimates

FYE: Dec		2024A	2025E	2026E
EPS	Q1	\$0.16	0.27A	N/A
	Q2	\$0.27	0.20A	N/A
	Q3	\$0.21	\$0.23	N/A
	Q4	\$0.32	\$0.25	N/A
	FY	\$0.96	\$0.95	\$1.10
P/E		26.6x	26.9x	23.2x
Rev	Q1	\$203.9	\$214.8A	N/A
	Q2	\$201.1	\$216.9A	N/A
	Q3	\$212.8	\$219.8	N/A
	Q4	\$213.0	\$220.7	N/A
	FY	\$830.7	\$872.2	\$899.3
EV/Sales		5.3x	5.1x	4.9x

One-Year Performance Chart



As of July 28, 2025. Source: E-Trade.

Trimming 2025 and 2026 Estimates After Revised Guidance. Maintain BUY and \$45 target.

Key Points:

Trimming estimates consistent with revised guidance. We are reducing our revenue, Adjusted (Operational) EBITDA and EPS estimates for the remainder of 2025 and for 2026. During the 2Q earnings call, management indicated that Iridium remains on track for 5% Operational EBITDA growth in 2025 at the midpoint of guidance, but trimmed its outlook for service revenue growth, now expected to grow 3-5% in 2025 (previously 5-7%). The reduction is driven by three variables: (1.) The ongoing maritime broadband transition to a companion service; (2.) Some voice subscriber reductions as noted in 1Q'25 related to canceled USAID funding; and (3.) A delay in the expected timing of some PNT revenue, which management now expects to recognize in 2026 rather than in 2025.

Our revised estimates for 2025 and 2026, respectively, are: \$872M and \$899M in revenue; \$492M and \$501M in O-EBITDA, and EPS of \$0.95 and \$1.10. We expect Iridium's blended gross margin to remain in the 47% range, and SG&A to remain in the 20% range.

Additional guidance for 2025:

- Total service revenue growth between 3% and 5% for full-year 2025. (Previously, guidance for total service revenue growth was between 5% and 7% for full-year 2025). Total service revenue for 2024 was \$614.9M.

- Full-year 2025 O-EBITDA between \$490M and \$500M. O-EBITDA for 2024 was \$470.6M.
- Cash taxes of <\$10M per year through 2026, with the longer-term cash tax rate moving closer to the statutory rate in 2028.
- Net leverage below 4.0x O-EBITDA through 2026 and falling below 2.0x O-EBITDA by the end of the decade, assuming ongoing execution of the company's share repurchase authorization and the payment of expected quarterly dividends. Net leverage was 3.6x O-EBITDA at YE'24.

Maintaining Price Target at \$45. Shares are currently trading at ~5-6x our revised FY25 O-EBITDA estimate of \$491.6M. In our opinion, IRDM shares can appreciate from current price levels, as Iridium we believe will show acceleration of its ~4% revenue growth in FY25 to over 5% as its connectivity with established Mobile Network Operators as well as mission-critical IoT networks begins to be realized. Our \$45 price target values IRDM shares at an EV/O-EBITDA multiple of ~10x our revised 2025 O-EBITDA estimate of \$491.6M.

IRDM shares are currently attractive after the post-earnings pullback and have room for further price appreciation, we believe.

Key Investment Considerations

Partnership with Syniverse may lead to multiple incremental opportunities with MNOs. During the 2Q earnings call, management indicated that the Company's growing relationship with Syniverse, a privately held, Tampa-based inter-MNO roaming and billing exchange and clearinghouse will likely be an important step in the gradual convergence of terrestrial and satellite mobile networks. We agree and believe that this partnership could significantly bolster the integration of Iridium's voice and data services with traditional mobile networks, tailored to their appropriate service offerings, in ways that will likely augment Iridium's core voice and data service offerings with partnered service offerings likely to carry above-average contribution margins.

Additional strategic partnerships are likely to fuel incremental O-EBITDA growth, in our view. With a growing network of over 500 partners and value-added resellers covering multiple industry verticals, the Company we believe will continue to actively recruit new VARs in order to expand its addressable markets in multiple world geographies. So far in 2025, the company already added 50 new partners, and we think that the growth rate of new partnerships will likely accelerate into 2026. This expansion, management believes, can be accomplished within the current SG&A framework and will likely not incur material increases in OpEx levels.

Risks to Price Target

Company-specific risks to the target price include:

Iridium's customized hardware and software may be difficult and expensive to service, upgrade or replace. Some of the hardware and software Iridium uses in operating its terrestrial gateways is significantly customized and tailored to meet its network's requirements and specifications and could be difficult and expensive to service, upgrade or replace.

Rapid and significant technological changes in the satellite communications industry could negatively impact Iridium's competitive position and may require significant additional capital expenditures to address. The satellite communications industry is subject to rapid advances and innovations in technology. The company could face competition in the future from companies using new technologies and new satellite systems, including new entrants who are developing or have announced alternative technologies, some of which would compete directly with one or more of Iridium's existing or planned products and services.

Iridium's satellite networks and those of third-party service providers may be vulnerable to cybersecurity risks. The secure transmission of confidential information over public networks continues to be a critical element of the company's ability to compete for business, manage risks, and protect its customers and reputation. Iridium's network, including third-party service providers and their customers, may be vulnerable to unauthorized access, computer attacks, viruses and other security problems. The company may be required to expend significant resources to respond to, contain, remediate, and protect against these attacks and threats, including compliance with applicable data breach and security laws and regulations, and to alleviate problems, including reputational harm and litigation, caused by such security incidents.

Iridium's business plan depends on increased demand for mobile satellite services. The company's business plan is predicated on growth in demand for mobile satellite services. Demand for mobile satellite services may not grow, or may even contract, either generally or in particular geographic markets, for particular types of services or during particular time periods. A lack of demand could impair Iridium's ability to sell products and services, develop and successfully market new products and services, and could exert downward pressure on prices. Any decline in prices would decrease the company's revenue and profitability and negatively affect its ability to generate cash for debt reduction, capital expenditures, investments, and other working capital needs.

Iridium's agreements with U.S. government customers, particularly the DoD, which represent a significant portion of its revenue, are subject to termination and renewal. The U.S. government, through a dedicated gateway owned and operated by the DoD, has been and continues to be, directly and indirectly, Iridium's largest customer, representing over 20% of total revenue. The incoming Republican administration has articulated its stated desire to dramatically reduce government agency spending, which could have a sudden and significant impact on Iridium's revenue outlook.

Aireon, the company's primary hosted payload customer, may not successfully grow its business, which could reduce or eliminate the value of its agreements with, and ownership interest in Aireon.

Aireon is Iridium's primary hosted payload customer, and management expects annual revenue from Aireon hosting, data services and power fees to exceed \$30 million annually. Aireon's business model requires expansion of its customer base to achieve its projected financial results, which may not occur as projected, or at all. If Aireon does not achieve its projected results, it may not be able to pay Iridium the contractually required hosting, data services and power fees in a timely manner or at all.

Iridium's failure to effectively manage the expansion of its portfolio of products and services could impede the company's ability to execute its business plan.

In order to achieve its anticipated future revenue growth, Iridium must develop and market new products and services. These efforts currently face a variety of challenges, including maintaining the infrastructure and systems necessary to manage the growth of its business. As Iridium's product and service portfolio continues to expand, the responsibilities of the management team and demands on company resources also increase. This may further strain management and other company resources with the increased complexities and administrative burdens associated with a larger, more complex portfolio of products and services.

Iridium is heavily dependent on third parties to market and sell its products and services. Their inability to do so effectively could impair the company's revenue and reputation.

Iridium selects third-party distributors, in some cases on an exclusive basis, and relies on them to market and sell its products and services to end users and to determine the prices end users pay. The company also depends on these distributors to develop innovative and improved solutions and applications integrating the company's product and service offerings. As a result of these arrangements, Iridium is dependent on the performance of its distributors to generate most of its revenue. These distributors operate independently of Iridium, and the company has limited control over their operations. Distributors may not commit the same level of resources to market and sell Iridium's products and services that the company itself would and may also market and sell competitive products and services. If Iridium's distributors develop faulty or poorly performing products using Iridium's technology or services, the company may be subject to claims, and its reputation could be harmed.

Iridium Communications Inc. (IRDM-NASDAQ)															
	DEC F	DEC '21 FY	DEC '22 FY	DEC '23 FY	MAR '24 Q1	JUN '24 Q2	SEP '24 Q3	DEC '24 Q4	DEC '24 FY	MAR '25 Q1	JUN '25 Q2	SEP '25 Q3E	DEC '25 Q4E	DEC '25 FYE	DEC '26 FYE
Sales		\$614.50	\$721.03	\$790.72	\$203.85	\$201.07	\$212.77	\$212.99	\$830.68	\$214.88	\$216.91	\$219.79	\$220.66	\$872.23	\$899.27
Revenue Growth (%):															
Year/Year		5.3%	17.3%	9.7%	-0.7%	4.1%	7.7%	9.4%	5.1%	5.4%	7.9%	3.3%	3.6%	5.0%	3.1%
Quarter/Quarter		NA	NA	NA	4.7%	-1.4%	5.8%	0.1%	NA	0.9%	0.9%	1.3%	0.4%	NA	NA
Cost of Goods Sold (COGS) incl. D&A		455.83	504.63	507.62	110.07	104.19	107.78	111.66	433.70	113.32	117.74	116.49	116.95	464.50	472.12
COGS excluding D&A		150.40	201.15	225.12	60.33	53.41	56.62	60.21	230.57	61.65	64.91	64.49	64.95	256.00	252.12
Depreciation & Amortization Expense		305.43	303.48	282.50	49.74	50.78	51.16	51.45	203.13	51.67	52.84	52.00	52.00	208.50	220.00
Gross Income		158.67	216.40	283.11	93.78	96.88	104.99	101.33	396.98	101.56	99.16	103.30	103.71	407.73	427.15
Gross Margin:		25.8%	30.0%	35.8%	46.0%	48.2%	49.3%	47.6%	47.8%	47.3%	45.7%	47.0%	47.0%	46.7%	47.5%
SG&A		100.47	123.50	143.71	36.81	46.72	43.55	40.70	167.78	35.75	44.63	45.06	44.13	169.57	179.85
Pct. of Sales:		16.4%	17.1%	18.2%	18.1%	23.2%	20.5%	19.1%	20.2%	16.6%	20.6%	20.5%	20.0%	19.4%	20.0%
Research & Development		11.89	16.22	20.28	7.20	6.51	6.19	8.52	28.42	5.42	4.28	6.20	6.20	22.10	25.00
EBIT (Operating Income)		46.31	76.68	119.12	49.77	43.65	55.25	52.12	200.79	60.39	50.26	52.04	53.38	216.07	222.30
Nonoperating Income - Net		(0.42)	5.61	16.73	2.57	1.68	3.86	0.83	8.94	(1.69)	(1.73)	2.00	2.00	0.58	6.00
Nonoperating Interest Income		0.00	7.00	12.72	2.52	2.32	3.55	0.33	8.72	0.00	0.00	4.00	4.00	8.00	14.00
Equity in Earnings of Affiliates		0.00	(1.50)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Income (Expense)		(0.42)	0.11	4.01	0.04	(0.65)	0.31	0.50	0.20	(1.69)	(1.73)	0.50	0.50	(2.42)	2.00
Interest Expense		73.91	72.09	99.71	23.19	26.12	27.80	22.43	99.54	21.82	22.75	26.00	25.00	95.58	100.00
Gross Interest Expense		76.05	74.68	103.33	24.24	27.31	29.07	23.43	104.05	22.82	21.75	23.00	23.00	90.57	90.00
Interest Capitalized		2.15	2.59	4.97	1.06	1.19	1.27	1.00	4.52	1.00	1.00	1.00	1.00	4.00	4.00
Extraordinary Expense - Net		0.88	1.19	37.50	0.00	0.00	0.40	0.00	0.40	0.00	0.00	0.00	0.00	0.00	1.19
Excp'l Chrgs - Others		0.88	1.19	37.50	0.00	0.00	0.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00
Restructuring of Debt		0.88	1.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pretax Income		(28.89)	9.01	(4.76)	29.15	19.20	30.92	30.51	109.78	35.88	25.78	28.04	30.38	120.08	138.30
Income Taxes		(19.57)	0.29	(14.23)	7.93	4.57	6.01	(6.24)	12.27	5.82	3.81	3.00	3.00	15.63	16.00
Equity in Earnings of Affiliates		0.00		(4.61)	(1.57)	17.70	(0.47)	(0.41)	15.25	(0.65)	0.00	0.00	0.00	(0.65)	0.00
Net Income		(9.32)	8.72	15.41	19.65	32.34	24.45	36.34	112.78	30.41	21.97	25.04	27.38	104.80	122.30
Per Share															
EPS (diluted)		(\$0.07)	\$0.07	\$0.14	\$0.16	\$0.27	\$0.21	\$0.32	\$0.96	\$0.27	\$0.20	\$0.23	\$0.25	\$0.95	\$1.10
Diluted Shares Outstanding		133.53	128.26	126.19	123.99	121.24	118.11	114.90	119.56	114.00	108.16	109.00	109.00	110.04	111.00
Source: FactSet Fundamentals; Kingswood Capital Partners estimates.															
EBITDA															
O-EBITDA		378.2	423.9	463.0	115.0	114.0	124.4	117.1	470.5	122.1	121.3	122.8	125.4	491.6	500.9
O-EBITDA Margin:		61.5%	58.8%	58.6%	56.4%	56.7%	58.5%	55.0%	56.6%	56.8%	55.9%	55.9%	56.8%	56.4%	55.7%
O-EBITDA Growth (%):															
Year/Year		6.4%	12.1%	9.2%	2.8%	-1.6%	2.6%	2.7%	1.6%	6.2%	6.4%	-1.3%	7.1%	4.5%	6.5%
Quarter/Quarter		NA	NA	NA	0.8%	-0.9%	9.1%	-5.9%	NA	-74.0%	-0.6%	1.2%	2.1%	NA	NA
EBITDA		351.7	380.2	400.6	99.5	94.4	106.4	103.6	403.9	112.1	103.1	104.0	105.4	424.6	442.3
EBIT		46.3	76.7	119.1	49.8	43.7	55.3	52.1	200.8	60.4	50.3	52.0	53.4	216.1	222.3
Depreciation & Amortization Expense		305.4	303.5	282.5	49.7	50.8	51.2	51.4	203.1	51.7	52.8	52.0	52.0	208.5	220.0

Source: Company reports; Kingswood Capital Partners estimates.

DISCLOSURES

Analyst Certification

The Research Analyst(s) denoted by an “AC” on the cover of this report certifies (or, where multiple Research Analysts are primarily responsible for this report, the Research Analyst denoted by an “AC” on the cover or within the document individually certifies, with respect to each security or issuer that the Research Analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect the Research Analyst’s personal views about any and all of the subject securities or issuers; and (2) no part of any of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this report.

I, Greg Mesniaeff, certify that (1) the views expressed in this report accurately reflect my own views about any and all of the subject companies and securities; and (2) no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by me in this report.

Explanation of Research Ratings (As of January 1, 2024), Designations and Analyst(s) Coverage Universe:

Kingswood Capital Partners, LLC uses the following rating system:

Buy - Buy-rated stocks are expected to have a total return of at least 15% over the following 12 months and are the most attractive stocks in the sector coverage area.

Hold - We believe this stock will perform in line with the average return of others in its industry over the following 12 months.

Sell - Sell-rated stocks are expected to have a negative total return of at least 15% over the following 12 months and are the least attractive stocks in the sector coverage area.

Not Covered (NC) - Kingswood Capital Partners, LLC DOES NOT cover this stock and therefore DOES NOT have forecasts, projections, target price and recommendation on the shares of this company.

Company-Specific Disclosures

Distribution of Ratings				
Kingswood Capital Partners, LLC				
Investment Banking Services/Past 12 Months				
Rating	Count	Percent	Count	Percent
BUY	9	81.81	2	22.22
HOLD	1	9.09	0	0.00
SELL	0	0.00	0	0.00
NOT RATED	1	9.09	1	100.00

As of June 2025.

Kingswood Capital Partners has not received compensation from Iridium Communications, Inc. during the past 12 months. Kingswood is not currently engaged by Iridium Communications to provide investment banking or advisory services.

Iridium Communications Rating History as of July 28, 2025



Source: E-Trade.

Other Disclosures

This report has been prepared by Kingswood Capital Partners, LLC. It does not constitute an offer or solicitation of any transaction in any securities referred to herein. Any recommendation contained in this report may not be suitable for all investors. Although the information contained herein has been obtained from recognized services, issuer reports or communications, or other services and sources believed to be reliable, its accuracy or completeness cannot be guaranteed. This report may contain links to third-party websites, and Kingswood Capital Partners, LLC is not responsible for their content or any linked content contained therein. Such content is not part of this report and is not incorporated by reference into this report. The inclusion of a link in this report does not imply any endorsement by or affiliation with Kingswood Capital Partners, LLC; access to these links is at your own risk. Any opinions, estimates or projections expressed herein may assume some economic, industry and political considerations and constitute current opinions, at the time of issuance, that are subject to change. Any quoted price is as of the last trading session unless otherwise noted. Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned in this report. Investors in such securities and instruments, including ADRs, effectively assume currency risk. This information is being furnished to you for informational purposes only, and on the condition that it will not form a primary basis for any investment decision. Investors must make their own determination of the appropriateness of an investment in any securities referred to herein based on the applicable legal, tax and accounting considerations and their own investment strategies. By virtue of this publication, neither the Firm nor any of its employees shall be responsible for any investment decision.