

# EchoStar (NASDAQ: SATS) – Collateral Conundrum

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## Disclaimer

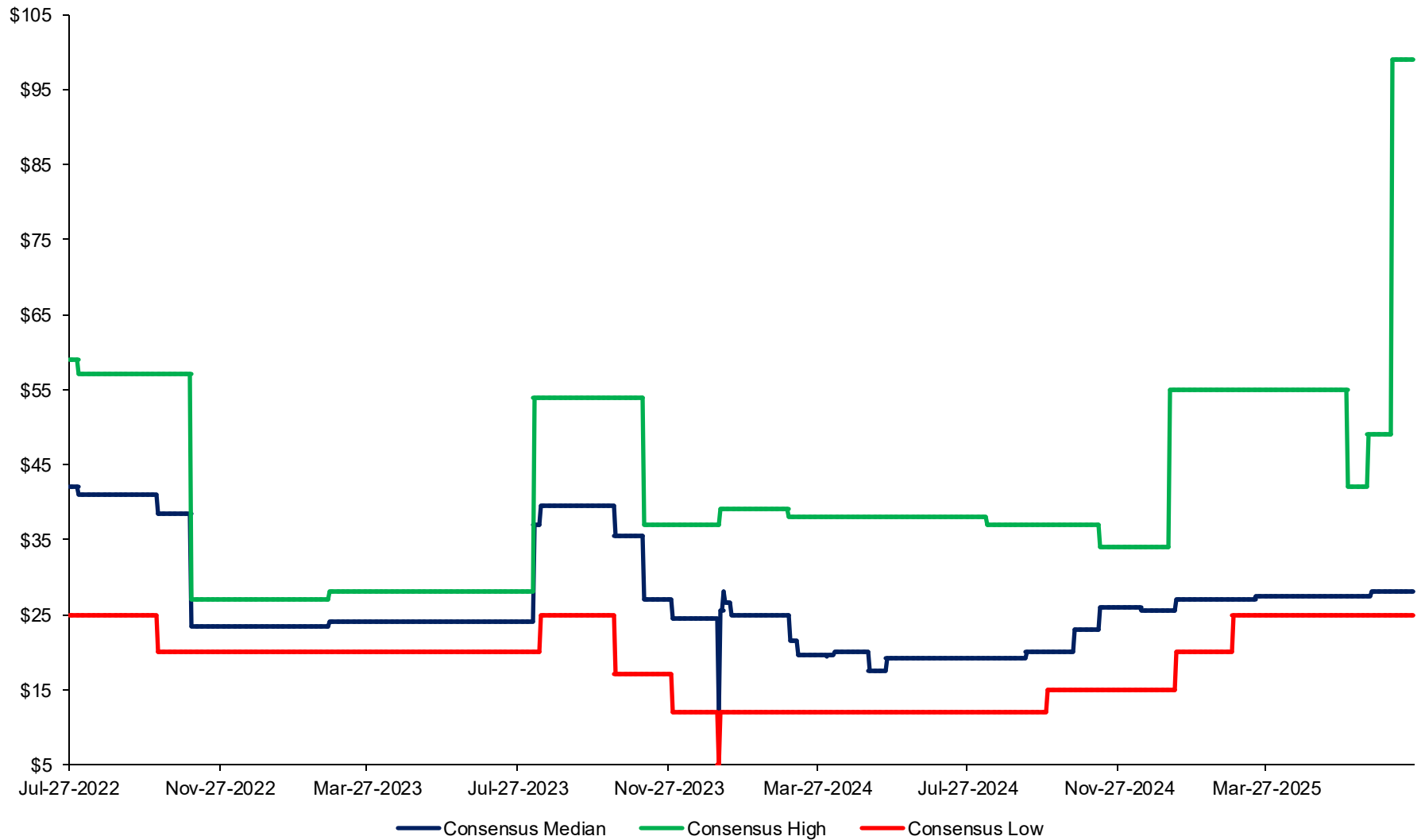
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# SATS 3-Yr Historical Stock Price



# SATS Analyst Price Targets



# Business Overview

## Capitalization

<i>July 23, '25</i>	<i>usd mm</i>
Price	\$29.61
Shares	287
Market Cap	8,510
Cash	5,059
Funded Debt	30,076
EV	33,527

PIC	8,780
Retained Earnings	11,416

## Ownership

Shareholders	% Owned
Ergen Family Trust	29%
Charles Ergen	20%
BlackRock	6%
Dodge & Cox	5%
Vanguard	5%
Redwood Capital	3%

# Business Overview

## Debt Situation Explained

### FCC Dispute Timeline



### Deutsche Bank Recently Held a Call with Former FCC Chair to Predict What's Next

- Presidential directive likely forces FCC to negotiate rather than pursue punitive measures against SATS
- FCC may eventually affirm SATS' exclusivity in 2GHz spectrum and relax buildout obligations
- Spectrum-sharing proposals with third parties like Starlink face higher scientific and regulatory hurdles now
- Any resolution could involve phased spectrum sales but preserve SATS' core wireless assets long term

# Business Overview

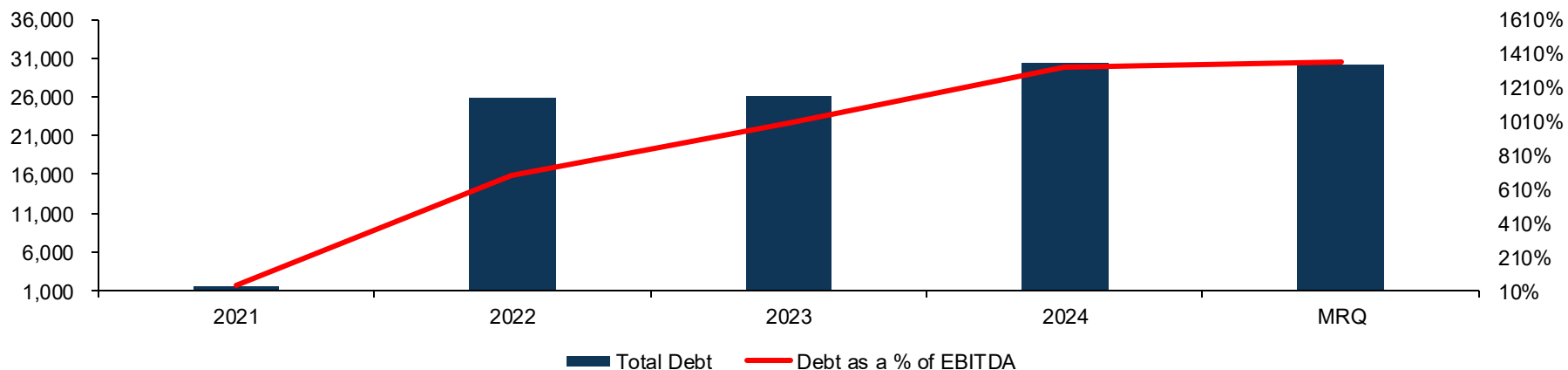
## Mounting Debt Wall + Collateral Conundrum

### Debt Schedule for Next 5 Years and Beyond

Debt Schedule Next 5-yrs and Beyond

<i>usd mm</i>	2025	2026	2027	2028	2029	2030+
LT Debt (Excl. Capital Leases) Payments	899	7,048	4,261	3,480	6,654	4,128
Capital Lease Payments	30	34	3	0	67	0
Operating Lease Paymemnts	570	601	601	557	543	3,011
<b>Total Debt Payments</b>	<b>1,499</b>	<b>7,683</b>	<b>4,865</b>	<b>4,037</b>	<b>7,264</b>	<b>7,139</b>
<i>Contractual Obligations</i>	<i>6,298</i>	<i>3,575</i>	<i>2,761</i>	<i>2,163</i>	<i>1,863</i>	<i>3,434</i>
Cash Flow from Ops	(798)	(1,216)	(1,006)	(200)	200	250
Cash	5,059					

### Historical Total Funded Debt as a % of EBITDA *usd mm*



# Summary

## Likely Outcome

- **FCC Inquiry:** FCC reviewing EchoStar's 2 GHz licenses over buildout compliance, potentially altering exclusivity; outcome could reshape U.S. mid-band spectrum control for 5G deployment
  - **EchoStar's Position:** Company claims milestones met, seeks FCC confirmation of exclusive rights; warns revocation would harm its 5G/satellite plans and undermine regulatory precedent for spectrum holders
  - **SpaceX Challenge:** SpaceX argues EchoStar is warehousing spectrum, urging FCC to enable sharing or reassignment for direct-to-device services; EchoStar counters claims as anti-competitive misinformation
  - **Regulatory Pressure:** FCC criticism of prior extensions signals tougher stance; potential outcomes include forced sharing, partial sales, or stricter conditions to satisfy broader spectrum availability goals
  - **High-Level Talks:** Trump intervened, pushing negotiated settlement; likely compromise could involve partial spectrum sale in exchange for secured 2 GHz exclusivity and relaxed buildout obligations
- The company currently has \$5b of cash on hand, it's unlikely to generate positive FCF before 2029/2030, it has roughly \$4b-\$7b of debt interest payments coming due every year until 2030. I think that the company will likely stay afloat given the White House's stance on needed competition to AT&T/Verizon/T-Mobile, but SATS will have to dilute shareholders by selling a lot of equity on the open market or continue to refinance bonds to pay its interest. I don't believe the company will suffer from impairment (see next slide)



# Appendix

## Detailed Capitalization and Debt Breakdown

### Capitalization

usd mm

Security	Rate	Outstanding Q2'25	Mult of LTM EBITDA	Price 26/07/'25	YTW 26/07/'25
<b>Senior Secured:</b>					
DISH sr. Secured \$2.75bn due Dec '26	5.25%	2,750	1.8x	\$94.00	10.13%
DISH sr. Secured \$627.3m due Aug '26	5.25%	627	0.4x		
DISH sr. secured \$2bn due Nov '27	11.75%	3,500	2.2x	\$104.21	7.00%
EchoStar sr. Secured \$2.5bn due Nov '27	5.75%	2,500	1.6x		
EchoStar sr. secured \$2.28bn due Nov '30	6.75%	2,373	1.5x	\$92.56	8.51%
DISH sr. secured \$1.8bn due Jun '29	11.50%	1,800	1.2x	-	-
EchoStar sr. secured \$5.36bn due Nov '29	10.75%	5,356	3.4x	\$104.71	9.08%
EchoStar conv. Sr. Secured \$30m due Nov '30	3.88%	1,906	1.2x	\$120.60	-
Total Secured		20,812	13.4x		
<b>Unsecured:</b>					
DISH unsecured \$500m due Sep '25	11.00%	500	0.3x	-	-
DISH conv. Unsecured \$2bn due Dec '25	0.00%	138	0.1x	\$92.00	-
DISH unsecured \$2bn due Jul '26	7.75%	4	0.0x	\$90.78	19.07%
DISH unsecured \$1.99bn due Jul '26	7.75%	1,996	1.3x	\$90.78	19.07%
EchoStar unsecured \$750m due Aug '26	6.63%	750	0.5x		
EchoStar conv. Unsecured due Aug '26	3.38%	45	0.0x		
DISH unsecured \$1bn due Jul '28	7.38%	1,000	0.6x	\$77.97	17.28%
EchoStar unsecured \$1.5bn due Jun '29	5.13%	1,500	1.0x		
Total Unsecured		5,934	3.8x		
<b>Other:</b>					
Operating Lease Liability	10.20%	3,743	2.4x		
Financing Lease Liability	9.30%	63	0.0x		
Term Loans due '25	10.75%	333	0.2x		
Total Other		4,139	2.7x		
13.25% redeemable preferred shares due Jun '29		200	0.1x		
Common Equity		20,008	12.9x	\$29.61	
<b>Total Capitalization</b>		<b>51,092</b>			
Memo:					
LTM EBITDA	1,556				
Cash	5,059				

S&P Capital IQ  
SEC 10K/10Q

### Liquidation Value

#### Liquidation Value

	MRQ	Discount	Value
Cash	5,059	0%	5,059
Net Working Capital	1,593	30%	1,115
Net PP&E	12,223	40%	7,334
Intangibles (License Rights)	39,740	15%	33,779
<b>Estimated Asset Value</b>			<b>47,287</b>
Secured Debt			(20,812)
Remaining Value			26,474
Unsecured			(5,934)
Remaining Value			20,541
Other			(4,139)
<b>Remaining Value</b>			<b>16,402</b>

# Appendix

## Comparable Companies

July 24, '25      *usd mm*

Ticker	Market Cap	Enterprise Value	Current Price <i>usd</i>	%52-Wk High	Revenue Growth %		EBITDA Margin %		Debt/EBITDA		(EBITDA-CapEx)/Interest Exp.	
					'24-'25	'25-'26	'25	'26	'24	'25	'24	LTM
NASDAQ: GSAT	3,156	3,451	\$24.93	87%	4%	21%	52%	54%	6x	4x	-	-
EPA: SESG	3,077	4,394	\$7.42	96%	-1%	-1%	60%	60%	5x	4x	6.6x	7.3x
NASDAQ: IRDM	2,681	4,411	\$25.26	70%	5%	4%	56%	58%	4x	4x	3.5x	3.5x
NASDAQ: VSAT	1,886	7,880	\$14.47	54%	5%	4%	34%	34%	7x	5x	-	1.2x
NASDAQ: GILT	445	448	\$7.78	91%	42%	11%	11%	14%	2x	1x	63.8x	17.8x
NASDAQ: TSAT	394	3,405	\$26.68	89%	-27%	-37%	45%	39%	9x	13x	-	-
<b>Mean</b>	<b>1,940</b>	<b>3,998</b>		<b>81%</b>	<b>5%</b>	<b>0%</b>	<b>43%</b>	<b>43%</b>	<b>6x</b>	<b>5x</b>	<b>24.6x</b>	<b>7.5x</b>
<b>Median</b>	<b>2,283</b>	<b>3,923</b>		<b>88%</b>	<b>5%</b>	<b>4%</b>	<b>48%</b>	<b>47%</b>	<b>5x</b>	<b>4x</b>	<b>6.6x</b>	<b>5.4x</b>
<b>NASDAQ: SATS</b>	<b>8,510</b>	<b>33,527</b>	<b>\$29.84</b>	<b>90%</b>	<b>-3%</b>	<b>-1%</b>	<b>10%</b>	<b>11%</b>	<b>18x</b>	<b>20x</b>	<b>1.5x</b>	<b>1.4x</b>

## Takeaway

- SATS is clearly suffering from an overleverage problem compared to peers
- The company has significantly lower margins than its peers, while not growing topline at all
- The only meaningful asset SATS owns is its spectrum band regulatory license
- I discounted the licenses by 15% in the advent of a liquidation (fire sale), but with the \$5b of cash and their somewhat stable refinancing (if they're able to keep their license) ability, SATS should stay afloat