

## DESK NOTE

22.01.2025

### **Viasat Inc (VSAT US) – NASA Boost, Space Ambitions and Optionality Justify Re-Rating**

**Conclusive Summary:** We recommend accumulating VSAT at current levels (\$10.90), with a **fair value target of \$21.90** (+101% upside from current). While near-term volatility remains high (HV 101%), we view the NASA award and strong positioning in the defense/space communication ecosystem as materially undervalued by the market. Under a scenario of contract monetization (\$960M annualized revenue potential from NASA) and normalized 35% EBITDA margin, the **DCF-based upside stretches to ~\$29/share**. Our disciplined strategy is to buy around \$10.90 and take profits above \$17.50.

**Competitive Position:** Viasat operates at the intersection of commercial broadband and defense-secure connectivity. Its 2023 acquisition of Inmarsat enhances spectrum access, aviation connectivity, and international defense relationships. The firm is exposed to increasing demand for multi-orbit **LEO/MEO/GEO** (low earth-, mid earth- and geostationary orbits) solutions in aerospace, and a likely beneficiary of a renewed U.S. focus on defense-tech and space infrastructure. It now competes with both legacy satellite operators: **One Web/Eutelsat, Intelsat**, and next-generation LEO constellations: **Starlink, Amazon Kuiper**, across a multi-orbit, multi-band landscape.

**Viasat's Strategic Edge:**

- **Vertical Integration:** Owns and operates satellites, ground stations, terminals, and software-defined networking.
- **Multi-Orbit, Multi-Band:** Operates **Ka-, L-, and S-band** assets across GEO and now with Inmarsat access, supports hybrid orbital strategies.
- **Government & Defense Exposure:** 41% of revenue from defense; strong positioning with U.S. DoD, UK MoD, and NATO partners.
- **Global Spectrum Assets:** Expanded licensed spectrum (especially L-band) provides regulatory and operational moat.
- **Aviation & Maritime Scale:** Among global leaders in in-flight and maritime broadband connectivity.

**Valuation:** Using multiples valuations and DCF, **we reach a target price of \$21.9**, representing a **+101% upside** from current prices. Adding 5-years \$4.82 billion contract with NASA DCS based upside stretches to **\$29**

**Ticker:** VSAT US

Previous day close price: \$11.81

Target price: \$21.9 (+85% Upside)

Price range (52w.): \$6.69 - \$26.70

Reason for note: Significant News

Recommendation: **Buy@10.90**

**Description:** Viasat Inc. provides high-capacity satellite broadband services and secure networking systems across commercial, government, and military markets. Its segments include:

- **Satellite Services:** Fixed and mobile broadband across residential, aviation, and maritime (largest segment).
- **Government Systems:** Secure communications, ISR, tactical networks, and cybersecurity.
- **Commercial Networks:** Ground infrastructure, modems, and mobile terminals.
- **Inmarsat Integration:** Strengthens VSAT's global reach in aviation and defense connectivity.

The company generates 41% of revenue from government/defense-related services.

Valentin Zhurba, [vz@dprginvestment.com](mailto:vz@dprginvestment.com)  
Sergey Malygin, CFA, [sm@dprginvestment.com](mailto:sm@dprginvestment.com)  
Tel: +357 223 22030

Multiple Next 12 Months (2 year avg.)		Factor	Target EV	Net Debt	Target MCap	Shares	Target Price
EV/EBITDA	5.5	1,587	8,730	5,734	2,996	128.4	\$23.34
EV/Sales	1.9	4,588	8,717	5,734	2,983	128.4	\$23.24
EV/IC	0.6	14,561.7	8,737	5,734	3,004	128.4	\$23.39
Avg. Multiple Price							\$23.32
DCF Price							\$20.45
Avg. Multiple & DCF Price							<b>\$21.89</b>

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