

Iridium Communications Inc.

Fourth Quarter 2025 Earnings Conference Call

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CORPORATE PARTICIPANTS

Matthew Desch--*Chief Executive Officer*

Vincent O'Neill--*Chief Financial Officer*

Kenneth Levy--*Vice President, Investor Relations*

PRESENTATION

Operator

Good morning, and welcome to the Iridium Fourth Quarter 2025 Earnings Conference Call. [Operator Instructions] Please note, this event is being recorded.

I would now like to turn the conference over to Ken Levy, Vice President of Investor Relations. Please go ahead.

Kenneth Levy

Thanks, Cindy. Good morning, and welcome to Iridium's fourth quarter 2025 earnings call. Joining me on today's call are our CEO, Matt Desch; and our CFO, Vince O'Neill. Today's call will begin with a discussion of our fourth quarter results, followed by Q&A. I trust you've had the opportunity to review this morning's earnings release, which is available on the Investor Relations section of Iridium's website.

Before I turn things over to Matt, I'd like to caution all participants that our call may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that are not historical fact and include statements about our future expectations, plans and prospects. Such forward-looking statements are based upon our current beliefs and expectations and are subject to risks, which could cause actual results to differ from forward-looking statements. Such risks are more fully discussed in our filings with the Securities and Exchange Commission. Our remarks today should be considered in light of such risks. Any forward-looking statements represent our views only as of today, and while we may elect to update forward-looking statements at some point in the future, we specifically disclaim any obligation to do so even if our views or expectations change.

During the call, we'll also be referring to certain non-GAAP financial measures, including operational EBITDA, pro forma free cash flow, free cash flow yield and free cash flow conversion. These non-GAAP financial measures are not prepared in accordance with generally accepted accounting principles. Please refer to today's earnings release in the Investor Relations section of our website for further explanation of these non-GAAP financial measures as well as a reconciliation to the most directly comparable GAAP measures.

With that, let me turn things over to Matt.

Matthew Desch

Thanks, Ken. As you saw in our press release this morning, we achieved our 2025 guidance. Service revenue came in on target, and we grew OEBITDA 5% for the full year. In addition, pro forma free cash flow was almost \$300 million. Our business remains robust, and we feel confident in our ability to continue generating significant free cash flow as we transform our business and add new services.

Free cash flow continues to differentiate us from others in the satellite industry. It's allowing us to invest and find new ways to grow our capabilities while also making good on our commitment to return capital to shareholders through a growing dividend.

Our market leadership and growth are largely due to our highly reliable services, our valuable L-band spectrum and the extensive and growing ecosystem of technology and distribution partners who count on our network for their many unique applications.

In the third quarter, I shared my thoughts on the changes taking place in the satellite sector and how recent spectrum deals are likely to hasten the pace of more global direct-to-cell services. These new consumer connections may eventually encroach on traditional MSS services. This will take time, but providers will likely be ready with service, even if not truly global, over the next few years.

These developments have spotlighted the importance and scarcity of L- and S-band spectrum, which is widely recognized as the optimal spectrum for connecting to mobile consumer devices of all types. We know this first-hand because over the last 25 years, we've developed a strong mobile business, connecting over 2.5 million subscribers with more than 500 business partners and their applications.

In 2026, we will add more partners, new services and additional ways of connecting them. Demand for our solutions remain strong, especially among enterprise and government customers. Further, the pipeline of new partners looking to integrate Iridium's IoT, PNT and safety services continues to expand. We added about 40 new partners in 2025 and engagement with them remains robust as we move into 2026. Customers continue to seek out the highest quality and most efficient connections for their mobile needs, and our brand remains the gold standard for delivering these.

As we look forward, we're investing to further differentiate our offerings and have made strong progress over the last 18 months on new technology platforms that we can leverage to enter new markets and expand our business. This year, Iridium will introduce a number of new services and products that we believe represent more than \$200 million worth of revenue opportunity by the end of the decade.

Among these new Iridium Certus GMDSS companion terminals in maritime that better complement K-band broadband terminals, a new ASIC for Iridium PNT, which we expect to reduce costs and time to market for expanding assured position, navigation, and timing solutions, and Iridium NTN Direct, which will bring our global narrowband IoT capabilities to standards-based terrestrial devices.

We will also be introducing an exciting new IoT device soon to our portfolio that sets new standards for size, cost, and flexibility for our customers and gives our partner base a powerful new platform to build on for the future. All of these are the result of strong collaboration with new and long-time partners and exemplify the enduring utility of our global network.

Even as we execute on these new products to drive growth, it is clear that our spectrum, in and of itself, has great value. In light of industry developments in recent months and the excitement around the prospects of D2D, MSS spectrum, especially clean, globally coordinated spectrum has increased in value.

We will continuously consider our spectrum assets with the view of maximizing shareholder value. Therefore, we will not rule out future business alliances that leverage our unique spectrum real estate, particularly if they offer incremental value to shareholders.

Valuations in the satellite industry are increasingly being driven by future narratives rather than by current operating results. As we focus on new growth areas, we recognize the need to broaden, and in some respects, more clearly articulate our growth narrative.

So, I want to elaborate on some of the business themes we are pursuing, as we believe we are well-positioned with the right partners and network resources to have great impact. For competitive reasons, our discussion of some of these themes will be at a high level for now, but I hope this commentary will give you an idea of where we're heading.

In no particular order, there are four key areas that Iridium is pursuing to expand our addressable markets and drive faster growth for our company. These include narrowband IoT expansion, building on our unique PNT lead, greater national security work with the U.S. government, and disrupting the status quo in the aviation industry.

Let me speak to each of these. First, there is no question that Iridium is already the undisputed leader in satellite IoT. We have the largest customer and partner base in the industry and the broadest array of solutions.

In 2026, we'll be introducing the first truly global standards-based service with Iridium NTN Direct. Development is progressing well and we're processing end-to-end messages over our network as we ready the service for commercial availability. We're experiencing strong demand from MNOs to include Iridium in their roaming plans, and we believe the industry is excited to utilize our new offering.

While we expect competing IoT services to eventually be available from other satellite providers, Iridium will be able to maintain our leadership and see our subscriber count grow as the market for standards-based solutions expands and D2D satellite connectivity becomes more common to connect assets and people around the world. Our industrial-grade reliability, efficiency, and partner base are key differentiators of our service offering and these should continue to expand as demand for IoT grows into the future.

One key area we're particularly excited about and think Iridium is positioned to lead is in the autonomy sector. Delivery and service UAVs, USVs, and other autonomous systems enabled by AI and remote beyond line of sight operations are on track to become mainstream applications. This emerging industry segment aligns well with Iridium's capabilities and deep customer relationships.

Another opportunity we see for long-term growth is our satellite-based assured PNT, which is an outgrowth from our acquisition of Satelles in 2024. PNT services are a multibillion-dollar market and expected to generate at least \$100 million in annual revenue for Iridium by the end of the decade.

We've successfully introduced the service in Europe and Asia to address the growing threat of spoofing and jamming in areas of geopolitical conflict. There is a compelling opportunity in navigation systems where Iridium PNT can provide a more assured connection for maritime vessels, autonomous systems and for protecting aviation.

We're seeing a lot of traction from civil and commercial organizations that seek to fortify their GPS dependent systems, which are vulnerable to attacks. These organizations often run high value, mission critical applications like those employed by capital markets, communications networks, data centers, energy grids and other critical infrastructure.

Iridium's PNT signal is a thousand times stronger than GPS and can penetrate buildings to provide an accurate in-building time source to protect vulnerable hardware and applications. We've already cultivated a number of large customer relationships and expect adoption of

Iridium PNT will expand with the introduction of our new ASIC this year for, which requests to participate in our beta program far exceeded our expectations.

With this chip, we believe we are at least five years ahead of any other viable global alternative PNT solution, and this hardware will lower integration costs and help to standardize our solution in industry. Ultimately, though, we are working towards our PNT services being directly embedded in smartphone and other consumer device processors, expanding the impact of our service far beyond our current expectations.

We now believe that our PNT service can also function as a unique platform to enhance cybersecurity and fortify data networks. We are currently developing a unique, quantum-safe cybersecurity service using our PNT signal that can improve identity management and provide authentication for high-value transactions, tapping into the \$20 billion identity verification industry and creating a potentially significant new revenue stream for Iridium. Even capturing a small portion of this growing market would be meaningful to a company of our size.

The third theme for investment and growth is national security. As government programs shift from internally developed proprietary solutions to leverage a broader array of commercial solutions, we see an attractive opportunity for Iridium to increase the value we offer the U.S. government, particularly as it invests in new space capabilities.

For more than two decades, we have collaborated with the U.S. government to set the standard for network reliability and interoperability, and directly empower service members around the globe. We believe Iridium's constellation and experience presents opportunities to deepen our relationship with the USG.

We have secured more than \$1 billion of awards over the last five years, including building and operating the ground systems for the Space Development Agency's new network as part of the government's future space architecture. Through this, Iridium has shown its ability to successfully manage mission critical programs and deliver innovative commercial solutions in support of the government's national security priorities.

You probably also saw the announcement last month that confirms Iridium's involvement with the Missile Defense Agency's SHIELD Contract, which most of you know as Golden Dome. Being selected for this initiative is a powerful validation that Iridium continues to serve as a trusted mission critical service provider in the national security space.

We are excited to support this important long-term initiative and are already executing on elements of this program. Between the U.S. government's numerous satellite service contracts and its new Golden Dome initiative, the addressable market within the national security space represents a multibillion-dollar opportunity. We are excited about the attractive opportunities we see for Iridium to grow its involvement and business with the U.S. government.

A fourth growth theme for us will be expanding our share of the aviation cockpit data connection market. Iridium touches aviation in a number of ways today through our involvement in cockpit safety communications by providing Controller to Pilot Data Links and other cockpit communications on over 60,000 aircraft around the world.

Our work in the evolving standards for Uncrewed Aerial Systems that will be a big market in the coming years. And our involvement in satellite ADS-B navigation and surveillance services

through Aireon, our joint venture with a number of Air Navigation Service Providers, known as ANSPs.

We believe we can build on these platforms to expand our footprint in the aviation safety market, particularly as it evolves from sending safety and operational data over ground based VHF towers with satellite as a backup to sending all data more cost effectively and efficiently over satellite. With the expanding aircraft fleet and the airlines' expanding needs for real-time information from those fleets, we believe we can offer a compelling value proposition using our network today and then expand in the future with space-based VHF in a follow-on network.

Our long-term relationship with Aireon is a key piece of that strategy. They are a growth engine for us into the future, especially as they continue to expand their air traffic surveillance services to more ANSPs and market their unique and powerful data set to more industry data applications. Together with some additional investment, we think our work with Aireon could serve a \$1 billion-plus addressable market, leveraging our unique fully global network.

So Iridium continues to occupy a strong and defensible position in the satellite industry. Our competitive advantage comes from focusing on specialized products and services for which high reliability remains a key point of differentiation. The growth themes I share with you today represent incredible opportunities for our company, and I look forward to updating you as we invest in, execute and capitalize on each in the months ahead. We strongly believe the initiatives we are pursuing, along with our core businesses will enable us to drive incremental growth and cash flow generation well into the future and unlock value for our shareholders.

As Vince will explain, we will continue our growth trajectory in 2026, albeit at a slower pace than in the past, as we position ourselves for additional revenue growth and long-term value creation. At the same time, we will continue to generate meaningful cash flows to invest, delever and return capital to shareholders through a growing dividend. Through it all, we will not lose sight of the needs of our customers of the rapidly changing marketplace that we are uniquely well positioned to serve.

With that, I'll now turn the call over to Vince to discuss our quarterly results and outlook. Vince?

Vincent O'Neill

Thanks, Matt, and good morning, everyone. With my remarks today, I'd like to recap Iridium's full year results for 2025 and provide color on trends we saw in the fourth quarter, some of which continue into the New Year. I'll also walk through the 2026 outlook we released this morning and review Iridium's liquidity and capital positions.

Service revenue growth was in line with our recent guide, finishing up 3% in 2025. Full year operational EBITDA came in within our guidance range at \$495.3 million, up 5% year-over-year. OEBITDA was impacted by a \$3 million inventory charge taken in the fourth quarter. Our conversion of OEBITDA to cash flow remained strong at 60%, resulting in pro forma free cash flow of \$296 million in 2025.

In the fourth quarter, total revenue was \$212.9 million. This reflected year-over-year growth in service revenue, offset by lower subscriber equipment sales during the quarter. Operational EBITDA was \$115.3 million in the quarter. Within our commercial business, service revenue was up 3% from a year earlier. Contributing to this growth was a 4% rise in voice and data revenue, which benefited from the price increase that commenced over the summer. Commercial IoT revenue grew 11% in the fourth quarter.

While Matt noted that Iridium added several new partners in 2025, we also certified more than 30 new IoT products during the year. The combination of new business relationships and new IoT applications coming to market is expected to broaden our sales funnel in the years ahead and will allow Iridium's satellite technology to reach a growing number of industries and end users.

In broadband, we reported revenue of \$12.2 million in the fourth quarter. This 9% decline from the prior year period continued to reflect the increasing prevalence of Iridium's use in lower-priced companion plans. While the pace of migration from primary to backup is slowing, this trend will continue to create an ARPU headwind in 2026.

For the full year, broadband revenue was down 10%, which was largely in line with our expectations. In all, commercial subscribers grew 4% in the fourth quarter. Hosted payload and other data services was \$13.4 million for the quarter, off 13% from the year ago period.

As I previewed on our third quarter call, a delay in PNT deployment by an existing customer weighed on Q4 growth. Apart from this contract delay, we have continued to see strong inbound interest in Iridium's assured PNT services and continue to see momentum for this business to deliver \$100 million in annual service revenue by the end of the decade.

Within our government business, revenue rose to \$27.6 million in the fourth quarter, reflecting the final step-up in our EMSS contract with the U.S. government. As I noted earlier, revenue from subscriber equipment, which tends to be episodic in nature, came in at \$17 million in the fourth quarter. While this was down year-over-year, this reflects our ongoing outlook for normalized equipment sales of \$80 million to \$90 million on an annual basis. Engineering and support revenue continues to be strong at \$37.1 million. We achieved some significant milestones in 2025 related to our work with the SDA and our pipeline with the USG remains strong as we look ahead into 2026.

Before moving to our 2026 outlook, I want to highlight a change we've made in the new year related to our management incentive compensation. We've decided, starting in 2026, Iridium will pay annual incentive compensation fully in cash rather than our prior practice of using part cash and part equity. The impact of this change reduces equity issuance by approximately one percentage point on a recurring go-forward basis and aligns more closely with our shareholders' interests. This does affect the calculation of OEBITDA and makes year-over-year comparisons difficult until they normalize in 2027. While the change will have no impact on GAAP financials, it will have a negative impact of \$17 million on 2026 OEBITDA as compared to 2025.

So for our 2026 outlook, we are guiding service revenue growth to be flat to up 2% for the year. Absent the change to incentive compensation I noted, '26 OEBITDA would have grown to a range of \$497 million to \$507 million. In light of our change to incentive compensation, we expect 2026 OEBITDA in a range between \$480 million and \$490 million.

Other items pertinent to our outlook include, our forecast for commercial voice and data to grow in the first half of 2026 as a result of tailwinds provided by targeted price actions we implemented back in July. For the full year, we expect voice and data to be a low single-digit grower.

In IoT, we are excited about a number of new products being released this year that continue to support our position as the premier satellite IoT provider. Over the last two years, we have

operated under a fixed-price contract with a large IoT partner. With the renewal of that contract as well as continued subscriber growth in our other areas, overall, we expect mid-single-digit growth in IoT this year.

More broadly, we are encouraged by the addition of many new IoT partners to our ecosystem over the last 12 months, including many focused on Iridium NTN Direct. With our new standards-based offering set to launch in the second half of the year, we remain optimistic about NTN and the access to new industry sectors it will deliver over time, supporting IoT growth overall as we address new markets.

Within broadband, we continue to forecast ARPU pressure as primary-to-companion conversion continues and maritime customers select lower-cost backup plans. However, the availability of new Iridium Certus GMDSS safety terminals this year will help to mitigate some of this pressure, especially with these new terminals now being introduced in the APAC region.

We believe this service provides us with a market opportunity to replace legacy Inmarsat C terminals and will serve as a long-term mitigant to revenue pressure. Accordingly, while we anticipate a decline in broadband revenue this year, we expect it to moderate from 2025's rate.

PNT will again be a meaningful source of growth to hosted payload and other data services over time. As I mentioned earlier, we are supporting the implementation of a PNT program for a large customer. While the timing of this deployment is not entirely within our control, we feel good about the customer's ability to make strong progress in 2026 and begin leveraging Iridium's PNT solutions. With the frequency of jamming and spoofing rising, additional traction from new PNT customers may provide upside to our current forecast.

Finally, on the government business, we remain in early discussions with the USG on a successor contract to the EMSS program. We are modeling \$110.5 million of EMSS revenue this year. This outlook includes our expectations that the government will exercise their six-month option to extend the EMSS contract at current rates through March 2027.

Supporting our discussions of a favorable contract renewal was the U.S. Space Force's award of a five-year ground contract, which we announced at the end of the year and runs through 2030 to enhance security services and support ongoing EMSS capabilities. We expect that revenue from equipment sales will largely be in line with 2025 even as the mix shifts somewhat from handsets to IoT products.

In engineering and support, we expect revenue will continue to grow, reflecting our strong pipeline of business activities and expanding relationship with the U.S. government. As Matt mentioned, growth on national security initiatives [will be a focus], particularly as they continue to evolve their services to commercial operators and build Golden Dome.

On the expense side of the equation, we will continue to support robust new product and service development. R&D and depreciation expense should both remain in line with 2025's level. You will note that SG&A declined significantly in 2025, in large part due to decreases in equity compensation costs that we do not expect to recur in 2026.

Accordingly, we expect to return to a more normalized equity level in '26, which will cause SG&A to be higher at a double-digit rate in 2026. We expect capital expenditures will be consistent with 2025 as we support the rollout of NTN and investment in the new initiatives Matt referenced.

Based on forward curve projections, interest expense is expected to be down year-over-year. I would also note the expiration of our \$1 billion interest hedge instrument at the end of November. It is our intention to have a new instrument in place before the termination of the existing hedge.

As we noted in October, Iridium expects to pay cash taxes of less than \$10 million this year and next. The improvement relates to tax legislation passed in 2025. We anticipate being a taxpayer at the full statutory rate in 2029.

Finally, on leverage, we closed 2025 with net leverage of 3.4x OEBITDA and continue to expect to delever from here to about 3x by year-end. Our long-term goal to delever below 2x, which we believe will naturally occur as we continue to grow OEBITDA and generate cash. I hope this additional color is helpful in allowing you to track our progress this year.

Moving on to our balance sheet. As of December 2025, Iridium had cash and cash equivalents balance of approximately \$96.5 million. Iridium repaid all borrowings under its revolving facility in the fourth quarter and had no outstanding borrowings under the \$100 million revolving facility as of December 2025.

In 2025, Iridium paid a total of \$62.9 million through quarterly dividend payments to shareholders and ended the year with a dividend yield of 3.3%. Looking to 2026, we expect our Board to again approve an increase in the dividend. Prior year increases have averaged 5% annually since the Board declared Iridium's first dividend in 2023.

Continued growth in Iridium's dividend reflects management's confidence in the company's business opportunities and prospects for continued strong free cash flow. We remain committed to an active and growing dividend program as it augments long-term shareholder returns.

With the pause in our share repurchase program, Iridium did not repurchase any shares during the fourth quarter. However, for full year 2025, we retired approximately 6.8 million shares of common stock at an average price of \$27.07.

Capital expenditures in the fourth quarter were \$33.5 million. For the full year, CapEx was \$100.3 million, inclusive of \$4.6 million in capitalized interest. We expect 2026 capital investment levels to be similar to 2025, especially as we continue with the rollout of our NTN services.

Turning to our pro forma free cash flow. If we use the midpoint of our 2026 OEBITDA guidance and back off \$82 million in net interest pro forma for our current debt structure, approximately \$90 million in CapEx for this year, \$6 million in cash taxes and adjust for \$11 million in working capital, inclusive of the appropriate hosted payload adjustment, we're projecting pro forma free cash flow of \$318 million for 2026.

These metrics would represent a conversion rate of OEBITDA to free cash flow of 66% in '26 and a yield of about 16%. This continues to support our outlook for free cash flow generation of \$1.5 billion to \$1.8 billion through 2030. We continue to believe that pro forma free cash flow is a good measure of our business strength. A more detailed description of each element of these calculations, along with a reconciliation to GAAP measures is available in a supplemental presentation under Events on our Investor Relations website.

Iridium continues to occupy a unique position in the satellite market. We have great assets, a valuable spectrum position and a growing ecosystem of partners, which will continue to support strong free cash flow and expand our business reach beyond traditional revenue streams.

As Matt noted, we believe that Iridium's differentiation is not just a function of our actionable real-time services and true global coverage, but also reflects the quality of our L-band spectrum and the growing opportunities that our partner ecosystem continues to deliver.

With that, I'd like to turn the call over to the operator for Q&A.

QUESTION AND ANSWER

Operator

We will now begin the question-and-answer session. [Operator Instructions] The first question comes from Brent Penter of Raymond James. Go ahead, please.

Brent Penter

Hey. Good morning, everyone. I appreciate all the detail there. First, on the decision to make incentive compensation entirely in cash. Can you just give us a little bit more detail on that? Walk us through that decision, why you made the change. You mentioned you believe it's in the best interest of shareholders. And is this something that you expect to be pretty permanent Or is it temporary?

Matthew Desch

Every company really pays their incentive - yearly bonus - in cash. I would say we decided -- I don't know how many years ago?

Vincent O'Neill

5, 6 years ago.

Matthew Desch

5, 6 years ago. That at the time, we wanted to more broadly, kind of, align employees with shareholders. And so we would do a mix of cash and stock for yearly bonuses. But that really wasn't standard at the time. And now with our stock price the way it is and the use of equity – really by putting that much equity into the bonus – it just didn't make sense. So we were going to do it eventually, decided to do it now. I know it looks unusual a little bit. So the year-over-year comparisons, as you describe 2025 to 2026 numbers, it looks like somehow we're not growing as a result of that, but it's just a better use of our resources essentially.

Vincent O'Neill

Yes. And I would add to that, Brent, to Matt's point, we think it aligns more closely with shareholder interest, especially, as we've just recently paused the buyback program. I did note in my remarks that in terms of equity issuance, it relates close to a percentage point of equity. So I think it's meaningful for shareholders.

Then the other part of it, to Matt's point, is we think it aligns our employee base as well with more industry norms. But I'd also highlight, while it changes OEBITDA, it doesn't have an impact on GAAP financials. So it's purely a movement between GAAP and OEBITDA.

Brent Penter

Okay. Got it. And then you mentioned \$200 million of revenue by 2030 from these four growth areas. And so if I'm understanding correctly, \$100 million of that you still expect to come from PNT, which I think would suggest \$100 million from those other three areas, NTN, IoT, national security and aviation?

Matthew Desch

Brent, you misunderstood me. I didn't say \$200 million before. I mentioned that when I was talking about the new growth products that we're introducing this year. So we have -- that's from -- Iridium NTN Direct, a new ASIC, a new IoT module. Those are just ongoing business as usual, kind of, stuff that I just wanted to give a number that, sort of, reflects our ongoing business and the investments we're making in R&D, before we even talk about the growth themes, which could include additional investment, maybe acquisitions, maybe other areas. And our growth areas, there's a little bit of overlap in those two areas, but I just wanted to kind of put a number on even what we're doing today. So I'm sorry, if that was misconstrued or misunderstood there.

I do have -- I did want to really pull up these four major growth themes because I really do think it's really about rewriting our narrative, if you will. And it's important to kind of understand what those areas are that we think we have areas that we can differentiate versus others, more-than-stem the tide of any kind of competitive pressures and get back to even higher levels of growth than the current areas of investment we're in that is still delivering a lot of revenue.

Brent Pentler

Okay. I appreciate the clarification. So then you think about those four growth areas, how do you rank order them in terms of the opportunity? And what role could M&A play in those areas you mentioned? What opportunities are out there in terms of M&A?

Matthew Desch

I'm very careful about not pointing to specific areas for M&A. Those four areas kind of vary in terms of timing and impact. We're seeing a lot of potential right now in government national security missions because of Golden Dome and those kind of activities, probably not a big M&A area. It's areas where our expertise, our network and other things can play.

PNT could be, especially as we get into new areas around identity management and some other areas we're seeing as a platform. IoT possibly could be an area of investment, though we have an awful lot going right now in terms of internal areas. But in the device area and in terms of the service area, in terms of cellular management, there's possibilities of partnerships, if not acquisition.

And then aviation safety, I would say, is maybe the highest potential opportunity there. That's an area where we can provide a lot more services to airlines and ANSPs than we're doing today. I mentioned, there's a big potential ability to disrupt that market, we think. And certainly, our relationship with Aireon is a big piece of that.

Brent Pentler

Okay. Great. And then on business alliances, maybe related to spectrum, it sounds like could you go more into what those could look like? What kind of partners those could involve? And how -- any sort of alliance might work in conjunction with your current businesses that obviously operate on that spectrum?

Matthew Desch

Well, obviously, in my comments, I made it pretty clear that the mobile satellite services spectrum that I have historically never really talked about our spectrum position because we were using it for internal services. That environment has changed a lot in the last six months.

Given the investment that at least Starlink has made in spectrum, we've seen an increase in lots of industry people talking to each other as they position themselves for this direct-to-cell or direct-to-device market. And we're seeing that activity. We're seeing opportunities, people who value our existing business, our partners, our cash flow, et cetera, but also value our unique L-band spectrum position.

So I don't know that I can go into any more detail other than there's just a lot of discussions, and they could go in a lot of different directions potentially. But I think it's noteworthy that the industry is a buzz with discussion right now.

Brent Penter

Yes. Okay. Thanks, guys.

Matthew Desch

Thanks. See you, Brent.

Operator

The next question comes from Edison Yu of Deutsche Bank. Go ahead, please.

Edison Yu

Hey, good morning. Thank you for taking our questions. I wanted to take a step back. I know you mentioned just now there's quite a bit going on in the industry, quite a lot of buzz. One of those topics recently has been space data centers. And I assume you don't intend to try to play a direct role in that. But just curious, what are your views on the viability of this kind of endeavor, the impact of the industry and if you may play some sort of ancillary role in that?

Matthew Desch

Yeah. It's a hot area right now of discussion, mainly because of Starlink's announcement and some others -- it looks like a problem that can be solved in space and solar power and power in general of data centers is a big issue. There's massive technical challenges to overcome. Data centers are complicated areas, very difficult to protect assets in space. It looks like -- to me, I'm maybe been -- I haven't been in the space industry forever, but I've been in long enough to understand that, that's a really, really long-term opportunity at best.

And I wonder if all the discussion isn't for other reasons than maybe just solving an immediate problem because that is years away from being able to be successfully driven. But anyway, I could jump on that bandwagon to try to hitch our wagon to that for evaluation, but we're a really pragmatic company that focuses on really delivering results and cash and growth. So I'd rather stick to the themes that I'm currently around than somehow address that one directly.

Edison Yu

Understood. Understood. I want to come back to D2D. Can you just remind us what are sort of the next big milestones to look for, whether it's from operational deployment perspective or from -- is it something we need to wait on one of the partners? Just setting up kind of this year or maybe next year, what to look out for?

Matthew Desch

Yeah. Well, obviously, we're in the steps of introducing the product this year. We're in testing. We're starting to have actually partners come in and experience it, or be able to demonstrate it from space so they can see how well it performs in their applications and how it's going to look. You could see more chipset suppliers jumping on our bandwagon to enable our services in their chips. You could see more mobile network operators aligned with it, readying themselves to introduce it to their customers. I think that's going to be the primary kind of drivers right now throughout the year. Obviously, this is more of a 2027, 2028 kind of thing in terms of revenues, but we're still excited about the potential it brings.

Edison Yu

And if I could just sneak in, Vince, one thing on the financials. Can you give us any more maybe numbers or percentage points on the PNT contribution expected for this year?

Vincent O'Neill

Yeah. Well, for 2026, we have built in a view of PNT, Edison, that's incorporated in our flat to 2% growth. As I noted in my remarks, we do think that there may be potential upside to the guide there. We just think it's premature to include it in the outlook at this point.

Edison Yu

Great. Thank you.

Matthew Desch

That is an area that we're trying to be appropriate about. The pipeline is growing. The opportunities are potentially quite large. But when they hit, as you can tell, we expected one to hit in the fourth quarter that didn't and it's kind of moving into this year. And so I think it's appropriate where we're at right now in terms of that, and we'll just express the upside if it's there when it happens.

Edison Yu

Great. Thank you.

Matthew Desch

Thanks, Edison.

Operator

The next question comes from Colin Canfield of Cantor. Go ahead, please.

Colin Canfield

Thank you for the question. So maybe going back to the interested parties question, Matt, if you could just kind of talk about kind of the blend of people that you're talking to and how that's changed over the last 6 months. I think one of the headlines that we've kind of seen over the last few quarters of earnings, obviously, is the, let's say, private valuations and private efforts and probably an accelerated element of angst from the folks who aren't scaling, right? Think of the headline of like OpenAI shopping Stoke Space over winter break, and essentially the concept of Blue [Origin] trying to, I guess, redo Kuiper or put more Kuiper satellites or kind of go around it. So essentially, it's like increased angst, increased valuation and obviously, a lot of different mix of people. So maybe just talking through kind of how you characterize the blend of interested parties over the last 6 months and how that's changed.

Matthew Desch

Well, I don't want to go into specifics about who. I think those of us in the industry know the people. The excitement seems to be around supplying service direct to device on a more global basis. That started a couple of years ago on using terrestrial spectrum, regionally. Didn't really think that, that would move the needle. It hasn't really so far. But when Starlink bought EchoStar's assets and looked into buying MSS spectrum, the interest was on in terms of if they're going to be a global player.

AST really doesn't have global spectrum today. They aligned with Ligado to try to at least get North American spectrum, but their assets are regional otherwise. And then there is speculation about others being involved in this. I know Equatys, the ViaSat venture is sort of long term and nobody knows when that would happen. And that looks like more of a spectrum sort of combo situation. I don't know how serious that is. I mean that's available to someone like us maybe down the road according to them, but that's many years away, and I don't think relevant.

So there's not much other spectrum available. Obviously, a lot of people have speculated about Globalstar and where they might go and to whom. Once you get past them, there's not many other people with L- and S-band spectrum. So I think you can kind of read between the lines about that and where that might be and who might be interested.

Colin Canfield

Got it. No, I appreciate the color. And then as we turn to kind of the -- I guess I think like the catalyst path, right? Like the clear view of the management team is that the equity is undervalued given the change in the stock-based comp and while the pausing of the repo, right, the dividends and kind of signalling that you expect SG&A to pick up this year on the basis of stock re-rating higher. And so I guess the construct that we think of is what are the milestones or what are the key catalysts split between services as well as the government side of things? And how do you expect those to kind of shape through the year?

Matthew Desch

Yes. Look, I think we've expressed this is a year of transition for us. Obviously, we've had a 25-year history of a little higher growth in this. I don't really think it's all about competition because we're seeing some of that around the edges. That's a longer-term thing we're planning for. And I think we're appropriately positioning ourselves for right now. But I think the valuation that we'll attract is what people believe about our long-term potential.

Obviously, the initial sort of re-rating of this was around a gut reaction that we couldn't compete against Starlink long term and that, that was going to come into traditional areas. And that we were going to be a company in decline. I think we've proven we're not that. We're actually still growing, we grew last year, we'll grow this year and think we'll grow faster in the coming years.

We are expecting some headwinds maybe to increase over time, but we believe that we have the assets, the direction and the vision to be able to not just overcome those headwinds, but actually grow again at a higher rate than we are today. So I think that's the bet. I think your notes as you evaluate it. I think you can pick apart the fourth quarter or your expectations about what we said versus what you expected in the year. But it's really more about, do you believe that Iridium is a bet for the future. And we think we are. We've overcome far worse in our history. And I think we have the assets and the ability to do that. That's, I think, our key message.

Colin Canfield

Got it. I appreciate the color, Matt. Thank you.

Operator

The next question comes from Tim Horan of Oppenheimer. Go ahead, please.

Timothy Horan

Hi, guys. Thanks. Just a couple of clarifications. So your reported stock comp number should be down kind of in line with the SG&A increasing just to check that. And can you give us what the PNT revenue was in 2025 at this point?

Vincent O'Neill

So I would say quickly on the stock comp, Tim, on your question there. That's right. You'll see a roughly corresponding reduction in the stock comp and it will show up in the OEBITDA reconciliation as we go through the year versus what you see in OEBITDA because as I said, it's effectively neutral to GAAP. And then on PNT, that shows up in hosted payload and other, but we don't break that out.

Matthew Desch

We do still plan, Tim, to do that someday in the future. It just isn't big enough yet. And it may get there this year, we'll see. But I think that's something we'll be looking to do, so we can track the \$100 million projection a little bit easier.

Timothy Horan

Well, we're just trying to get a sense. So it's still less than \$10 million. I mean just trying to see incrementally, the \$100 million would be pretty important.

Matthew Desch

No, it's more than that. But again, we're not breaking it out specifically.

Timothy Horan

Got it. And I guess just on PNT, it seems like the opportunity is massive there and the need is like right now and especially with direct-to-device communications capabilities, are you starting to deploy on drones, I guess, specifically in war zones, I mean, it would seem to be a perfect solution as opposed to have fiber running all over the land everywhere. But yes, are you deploying on currently in war zones?

Matthew Desch

I mean we do know that we have been deployed in UAVs, and that is an area where jamming and spoofing is a real problem. I think that could be a big growth area for us in the future. I think we do see that this ASIC coming this year, I think will really expand our opportunity great. It's really about how many -- there's really a lot of solutions that have been produced, but we're still seeing people deploy 50 or 100, and we're looking for the thousands and tens of thousands kind of growth that would really, really drive. And that could happen this year, could happen next year. We definitely see the pipeline and the potential for it in that regard.

Timothy Horan

And would the new ASIC have enough bandwidth to navigate the drones in some form or another, not just PNT, I mean, can they use thermal imaging or video imaging to help navigate -
- would that be enough bandwidth?

Matthew Desch

So the chip is really not about bandwidth. It's about picking up, very powerfully, a location signal that can be relied upon and trusted versus maybe a GPS or Galileo or other kind of GNSS, which might still be in there, but we would easily be overwhelmed by interference and jamming. So it's really not about doing communication. It's really more about providing an assured or alternate PNT signal to the application and doing it really with very low power, with very low real estate with very low cost.

And then as I said, we're starting to have discussions with people about integrating really the software in that chip even into other processors that may be in consumer devices or other applications, maybe even in phones some days so that you can get a pretty accurate position inside buildings where GPS doesn't operate and you wouldn't have maybe other kind of augmentation signals or you could get something to protect that signal in important applications.

Timothy Horan

And how hard would it be to block your signal or spoof it? Like the technology is obviously there to do it, but how much harder is it than GPS?

Matthew Desch

Well, any signal can be jammed, but you'd have to have a giant power source very close by. And it makes it so it's more difficult. Nothing is completely protectable. You could block out every communication with enough power, but you need large trucks of stuff close by. And that's not we're looking to protect against.

Vincent O'Neill

And we say it's 1,000x more difficult basically to spoof it.

Matthew Desch

Okay.

Timothy Horan

Very helpful. And then on the spectrum, I mean, do you think it's easier for -- to share it with another company for one company to control all of it to increase the utilization? And I guess the key question on the spectrum is what's the utilization now versus what it could be either through a partnership or, let's say, a combined entity?

Matthew Desch

Yes. I mean there's a lot of different approaches there, and we would be interested in the ones that had most value to shareholders. So, that's about all I could say.

Timothy Horan

Got it. Thanks, guys.

Matthew Desch

Okay. Thanks Tim.

Operator

The next question comes from Hamed Khorsand of BWS. Go ahead, please.

Hamed Khorsand

Hi, good morning. Could you just elaborate on the IoT partner you re-signed the contract with and provide any details that you can?

Matthew Desch

Well, I think we've been talking over the last couple of quarters about the -- part of the unusual nature and sort of the -- of our IoT results in 2025 were due to a large IoT customer and the fact that they're changing approach with their customers led to a lot of churn in subscribers, et cetera. That was a multiyear contract. We renewed that contract. There was growth in that contract and that's reflected in our results this year. So, I think that's at least ties together what we said in the past with where we are now.

Hamed Khorsand

Okay. And then as far as the terminal goes, you were talking about the terminals that had declined in equipment sales. When does that pick up? And is that more to do with IoT sales? Or is that going to be terminals actually going into ships and airplanes that picks up in sales?

Matthew Desch

I'm not exactly sure what you were referring to. I think maybe -- actually from an equipment perspective, we see unit growth. There's a lot of mix changes. Our equipment overall is kind of consistent year-over-year right now in terms of expectations for this year versus last year. We might have been referring to some comments we made about maritime terminals where we're actually expecting a number of new products this year that makes us even more competitive in the companion ability with Ka- and Ku-band.

That's been an area where, as you can see, broadband has been declining a little bit for us. That's been a headwind. We think that that's going to mitigate here pretty soon because of all the solutions we have and the opportunity ahead because Inmarsat, their Inmarsat C is coming end-of-life. A lot of shipowners have to change those terminals out. We really have the best solution that serves more needs, more globally than anything. And with all these products in the market, we think that that will provide an impetus for getting kind of growth in terminals there again. So, maybe that's what you were referring to.

Hamed Khorsand

Okay. Thank you for the clarity.

Operator

The next question comes from Chris Quilty of Quilty Space. Go ahead please.

Chris Quilty

Thanks. Matt, it's been a year since they've reported the numbers publicly, but do you have any idea how many Inmarsat C terminals might be out there?

Matthew Desch

It's over 100,000 -- it's quite a few.

Vincent O'Neill

Yes. We estimate, Chris, about 130,000 to 140,000. That's our calc.

Chris Quilty

Switching gears, the discussion today about the alt-PNT chip, that's the same chip that you originally unveiled like back in October? Or is this a new iteration already?

Matthew Desch

No, no, no. That's the chip we're talking about. I think a lot of people -- we unveiled that it goes commercial here in, I think, three months or so. We got a big beta program with partners that's oversubscribed right now. We had too many people even asking us for it right now. So we're excited about the potential for it, but it's the same one we're talking about.

Chris Quilty

Got you. And what does that flow into, equipment revenue? Or is that designed as sort of a fee type business? How do we look at the revenue on the chipset side and then how that actually drives the service revenue?

Matthew Desch

Yeah. It does. It eventually will be equipment. These chips don't cost a lot, but you could have -- I said, tens or hundreds of thousands of them down the road as we get into more and more consumer-like devices. But it's not really about the revenue. It's what it enables. It's the applications that, that could go into. And then that would enable PNT service revenues, which I think we've talked in the past, we're pricing in many different ways on the commercial side.

In some ways, we bundled that together multiyear service with every device, Perhaps if someone made a consumer device wanted to offer it and be able to say it will operate for five or 10 years, we could offer something that would not even require a monthly service subscription, for example, or we could do things as monthly and in some cases, are already doing things with monthly service subscription. So that could be offered a lot of ways. It's more about the ASIC enabling applications and service revenue.

Chris Quilty

Got you. And what -- how long does it take for your end customers to integrate that chipset into devices? Is that like a full product cycle, which could take a year or two? Or is it something that could be more easily dropped in? And do you have any customers? I know like in the past, you were working with Adtran on the telecom side. Do you have any partners that are already looking to design in?

Matthew Desch

No. As I said, the beta program, we have a whole bunch of people who are designing their products. So they have prototypes now. They have initial runs. They are working to put it in. It wouldn't be I don't think, multiple years, but it certainly is months, if not up to a year in some cases.

I could see the first products coming out using that maybe later this year, but they're probably more 2027, kind of activities. It isn't that hard to integrate. It's really a very small device, doesn't take up much real estate or power and has a very defined input and output that can be quickly put into software and utilized with applications. So it's not a big integration.

Chris Quilty

Got you. And the identity management capability, I think it's something you've talked about in the past of kind of geolocating the satellite with an IP address and other elements of security. What sort of kicked up the new activity there? Is it just simply you've had enough time with Satelles under the hood to build that out? Or are there other compelling reasons why you're promoting that service now?

Matthew Desch

Well, the ASIC was an impetus to it. A lot of the applications we saw could -- if they required to trust a location, maybe the fact that you could implement this into a smartphone or into a dongle into a USB key into something quite small, implemented into a laptop or tablet or something. That wasn't able to happen before.

But we saw a lot of the applications around identity management, needing some sort of way for the user. Somebody making a wire transfer, somebody proving that the router is in a certain location and that the data passing through it can be trusted with something that required -- something really low cost to be embedded in quickly and easily.

So I think that was the impetus. And yes, we've had enough time with this to realize that this is a potentially really big area and for which this is a very unique service that wouldn't be able to be offered by others, would be an area of differentiate for us. And as we are able to exploit it and revenue growth is part of our narrative for the future. So that's why we're talking about it now.

Chris Quilty

Got you. And finally, on the the increased focus on Aviation. I know last year, you had a bunch of terminals that were coming to market. Can you kind of give us an update on where you sit there competitively? And is there anything that can accelerate the upgrade replacement cycle? I don't think there's an equivalent of an Inmarsat C end-of-life date in aviation, but perhaps.

Matthew Desch

Yeah. So, I alluded to it, and you probably have to -- we have to go into a little bit more detail about exactly how we think that market could play out. But yeah, we're right now in flight testing so we have a number of aircraft, there needs to be a certain number of hours with those new Certus terminals, and that's happening now. It was going to take months, quite a few months to do that. But now the avionics suppliers who have built those solutions can start talking to the Boeings and Airbus' about getting those installed certainly in 2027 and 2028 into a lot of vehicles

How to accelerate that? Well, if we could provide more data through those terminals at lesser expense, we could maybe take traffic back from the terrestrial network. There's a number of things we have ideas to do. I alluded those to in the growth area. We think that we're only getting a very small part of a much bigger market, and we think that we could go after a bigger part of the market. But I'll leave that for now. I don't want to get too much more detail into that because well, just for competitive reasons.

Chris Quilty

All right. I'm interested to hear more. Thanks, guys.

Matthew Desch

Thanks, Chris.

Operator

The next question comes from Walter Piecyk of LightShed. Go ahead, please.

Walter Piecyk

Thanks. Hey, Vince, the PNT order that dropped out of Q4, should that fall into Q1? Or are you still working out to try and get that thing closed?

Vincent O'Neill

We're still working through that. Well, our expectation is at some point in 2026, but timing still remains up in the air.

Walter Piecyk

Is that generally going to be a pretty lumpy line from quarter-to-quarter as this thing progresses? I know you're optimistic about it overall, but is there just going to be a lot of variability quarter-to-quarter?

Vincent O'Neill

I think you should expect to see some of that, Walt, as we go forward here over the next 12 months to 18 months, especially as we're building out the business. Obviously, we'll get to a point of scale where that will be smoother, but it probably will be lumpy on a quarter-to-quarter basis as we go forward.

Matthew Desch

And it's hard to estimate, Walt. I mean, especially when you get larger opportunities in the pipeline, I hope it's lumpy positive, but I'd rather not project things out as assured things until we have an idea where they're going to hit.

Walter Piecyk

Will there be an element of deferred revenue on these things if they're lumpy, meaning that -- well, you know, what deferred revenue is?

Matthew Desch

Yes. I mean, it could be multiyear opportunities, a lot of these. So, we'll build a backlog as such along with that.

Walter Piecyk

No, no, I don't mean deferred revenue in terms of a multiyear contract. I mean, like, you take payment upfront and then you book the revenue as noncash from an accounting standpoint.

Vincent O'Neill

There might be an element of that, Walt. But at this point, I wouldn't expect much.

Matthew Desch

I mean, some of the opportunities we're seeing, as I said, if we sell something into a consumer device, then we give it a 10-year life cycle and we take all the cash upfront or just roll it into the basic purchase. Yeah, we would do that overtime in terms of accounting.

Walter Piecyk

Got it. And then there's a lot of discussion of spectrum on here. I mean some of the things that were mentioned were transactions for spectrum that's not in use and is obviously a lot deeper, 40 megahertz in the case of Ligado, and 50 megahertz in the case of EchoStar.

So, I guess, the way I'll ask the question is this way. I mean, I know that the longevity of your existing constellation has been much longer. And hopefully, you can squeeze out as much cash out of that as possible. But at some point, if I'm remembering correctly, you do have to start to spend on a new constellation. So at what point do you get to -- you have to make a decision one way or another, monetize or start to invest in that constellation?

And then secondly, I mean, these other things, again, unencumbered, you can't just sell spectrum if you have existing users on it, right? And how do you communicate that to your customers now that you basically have this conference call that your competitors can use to say, hey, Iridium is looking to potentially have a strategic transaction with their spectrum or you sure you want to buy services on them that are being utilized for your services right now?

Matthew Desch

Well, I mean, they may be interested in the future services that would be provided with that spectrum and would evolve to those new services. We have a very flexible system that can move people around within the spectrum and can make available a certain amount for other applications, wouldn't have to do all of it.

But the same situation -- you just described -- could be said to Viasat right now, which has announced along with Space42 that they plan to build a network to put spectrum into it to do other services. So if you were existing Viasat or Space42 customer, you would say, I guess they're going to build a network that will utilize spectrum for other applications.

I think we can do both. We have 9 megahertz of spectrum. It's valuable. It's global. It's coordinated all over the world, and there can be opportunities to do multiple things with that. I guess I covered that for you, Walt. Okay. Anybody else?

Walter Piecyk

Sorry, I was on mute. Sorry about that. That was good. So when does the new constellation spend to start? Is there any type of estimate on that?

Matthew Desch

Yes. I mean if we're building a constellation ourselves, we don't need to even start it until 2031. Maybe we'd put a little bit of money in 2031 and '32. I'd say the spending would ramp up to 2034, 2035 time frame. We don't necessarily probably need it until the latter half of the decade, if all I'm doing is existing services and these new themes that I'm talking about here, all those things could be certainly employed all the way until that time, if not beyond.

Walter Piecyk

Got it. So the bottom line is, you think it is something that can be discussed now without any impact to existing customers and be part of someone, whether it's jointly, separately, your own, a constellation that's planned over the next couple of years without disruption to your existing customers?

Matthew Desch

Yes.

Walter Piecyk

Perfect. Thank you.

Operator

Our next question comes from Greg Mesniaeff of Kingswood Capital Partners. Go ahead, please.

Greg Mesniaeff

Thank you. Good morning. Just a very quick question on PNT. As you position it market-wise with your customers, are you finding that most of the customers are augmenting GPS? Or is it the GNSS customers that are deciding to augment, particularly with the Galileo ones?

Matthew Desch

So commercial customers can get free timing from a number of GNSS sources. It's the customers who are worried about those signals being degraded because they're so faint, if you will, and can easily be overwhelmed and their applications are so important or in some cases, are inside buildings and it's expensive to get a timing source for their digital source. But most of them are critical infrastructure, protecting critical infrastructure and utilizing it alongside other GNSS sources.

Greg Mesniaeff

Well, I guess if I rephrase the question, is GNSS more robust than GPS and...

Matthew Desch

GNSS is the generic term for all the different types -- whether it be Galileo, GPS is sort of the North American version. Beidou, GLONASS. Those are all GNSS systems. And so when I use the term GNSS, I'm just generically saying they could protect any of those.

Greg Mesniaeff

Got it. Okay. All right. So there's really no distinction that GPS is less robust than some of the other ones you mentioned?

Matthew Desch

No, they're all used very, very same kind of power structure to send information from far away kind of MEO satellites to devices on the ground that have to kind of pick these multiple signals out. And it works very well until it doesn't until it's overwhelmed.

Greg Mesniaeff

Sure. Sure. Thank you. Got it.

Matthew Desch

Yeah. Thanks.

Operator

The next question comes from Louie DiPalma of William Blair. Go ahead, please.

Louie DiPalma

Matt, Vincent and Ken, good morning.

Matthew Desch

Hi, Louie.

Vincent O'Neill

Hi, Louie.

Louie DiPalma

For the PNT chip that's in development, what is the next milestone that investors should be watching for?

Matthew Desch

Well, its prototypes are available. We're going to make it commercially available. I think it's June or July, I think it is the right timeframe. I don't know about milestones there. I think the real milestone would be our partners or customers who announced that they're implementing products on that and the applications and the successes they're having deploying that. I think those are the milestones. And good to hear those announcements this year and certainly next.

Louie DiPalma

Sounds good. And related to Tim Horan and Walter's questions, for your NTN Direct service, what is the maximum amount of your 9 megahertz of spectrum that you could use for NTN Direct, given how you use your spectrum for your existing network currently?

Matthew Desch

Yes. I mean NTN Direct is a narrowband service. It uses 100 kilohertz, 200 kilohertz at most and it can be positioned within our network any place. I mean, over time, we can evolve that service to be able to utilize all our spectrum if that was the only spectrum we have, but it's so incredibly efficient the way it operates. We can operate millions of customers even with a single or dual channel.

So I don't know that, that's really -- I think a lot of the direction in the future is really about 5G new radio. That's really what other people are looking to deploy that uses 3 to 5 megahertz channels. We're not going to implement that service. We're going to augment that service. And the only way that would kind of happen within our spectrum was in an alliance or partnership.

Louie DiPalma

So you know how -- like Iridium, you obviously provide safety services for maritime as it relates to GMDSS and the aviation sector. Could those types of services shift to NTN Direct? Or would those services need to stay on like the existing network?

Matthew Desch

Well, look, it takes a long, long time for either of those services to be applied and approved. It took us 10 years to get GMDSS through the bodies. And even when we moved to GMDSS over Certus, it was an extensive time to do that. So I'm not sure what the value would be to move them to NTN. And if anyone tried to do that, it would take years to do it.

So I know it wouldn't create any advantages for us to do it necessarily -- to put it on our Iridium NTN direct because that's not really what the service say, for example, on a ship protecting Ka-band networks is doing. But I mean, theoretically, but it's not practical and it would take many, many years to do.

Louie DiPalma

Yes, that was my question in terms of like of the 9 megahertz of spectrum since certain services would seem to need the existing network, then like some portion of those megahertz couldn't shift, right? At least in the near term?

Matthew Desch

We really don't use much of our spectrum for GMDSS. I mean it's used as a backup and it's used in emergencies. It's required to be on the ship, and there are other functions, sort of IoT functions that those terminals can do, but they're extremely efficient as is our IoT services and other things. Actually, the service that takes the most spectrum is our original broadband connections with Certus. And that's the area that we're seeing evolve to Starlink and other

terminals, and we've had a little headwind associated with that, but it's actually been good in terms of spectrum utilization and makes the rest of our spectrum more flexible.

Louie DiPalma

That makes sense. So it seems that like nearly all of the 9 megahertz could be used for NTN Direct?

Matthew Desch

It could be theoretically from a long-term perspective, yes.

Michael Louie D DiPalma

Awesome. Thanks, everyone, and congrats on the development of the new PNT chip.

Matthew Desch

Thanks. Thanks, Louie.

Operator

The next question comes from Justin Lang of Morgan Stanley. Go ahead please.

Justin Lang

Hi. Thanks for taking the questions here. Matt, I just want to pick back up on your MDA SHIELD comments earlier. I was curious if you could just touch on how you think the Golden Dome opportunity matures over this year for you. I mean, do you expect contracts to materialize in '26 here that could present upside to the guide? Or is this more of a '27 and beyond opportunity for you?

Matthew Desch

It's probably more of a '27 and beyond, though there could be engineering service revenue upside this year. I mean that's one of the things we certainly see. There are RFQs, if you will, and other areas in which we think our expertise could be applied to both directly to kind of Golden Dome, SHIELD kind of announcements and things around it that relate to the government and their use of our expertise and even connecting into our existing network.

So, I'm being a little bit obtuse about that because we don't want to point exactly where we think there is. But when we look at really the opportunities that are addressable to us, it's in the billions of dollars. We're only expecting to get a fraction of that, but we think it could be meaningful in terms of growth to us.

Justin Lang

Okay. Great. That's helpful. And then maybe, Vince, one for you. Just going back to the PNT contribution this year, and I appreciate it's a longer-term opportunity, so it could be sort of lumpy in the near term. But for '26, maybe I'll ask it another way. I mean, is it fair to assume that the growth in the PNT business outpaces the overall portfolio growth this year?

Vincent O'Neill

Yes. That's probably a fair assumption, Justin, at this point. Yes.

Justin Lang

Okay. Perfect. Thanks.

Operator

Our final question comes from Caleb Henry of Quilty Space. Go ahead, please.

Caleb Henry

Hi guys. Just one question for me and it's on the SHIELD ID/IQ. I think there was something like 151 companies that were awarded access to the ID/IQ. If you could share some about what makes Iridium well positioned to win and kind of where you see that as an opportunity, knowing that not all 151 of those are probably going to get an award or at least a meaningful one.

Matthew Desch

Yes, that's right. I mean, we announced that we were part of it. You noticed we didn't play that up or anything, because it's all up to how much business is won. Maybe some others have been a bit more aggressive about announcing the potential for themselves. But no, I think our experience, we have a long history of delivering high-quality service to the government. We have almost been considered MILNET, if you will, or whatever you want to call the latest version of it. I guess it's called the Space Data Network in the latest term.

We've been kind of connected in that front, providing a unique service for more than 25 years, and that's respected and understood. In fact, have 130,000 endpoints out there around the world that could connect into and be relevant to a Golden Dome or other kinds of related networks that relate to national security. We're looking at a number of things right now where other networks being built as well that may or may not even be part of SHIELD are things that we think we could address and provide value.

And really, the work we were doing with SDA has been highly regarded. I think others have come to us and said, based upon what we're doing, building out the ground infrastructure, the operation centers, the operation software, actually manning and flying satellites. The success we're having here, maybe we could be working on some other networks that the government has, both that are directly related or ancillary to SHIELD. So anyway, I know that's a broad statement. I wish I could get into more details about the opportunities and pipeline we're specifically looking at, but I think that's kind of premature right now.

Caleb Henry

No. That's useful. Thanks.

Matthew Desch

Okay. Thanks, Caleb.

Conclusion

Operator

This concludes our question-and-answer session. I would like to turn the conference back over to management for any closing remarks.

Matthew Desch

Yes. I appreciate you hanging in this long. I appreciate all the interest and questions. Clearly, we're writing a new story here in some ways. So I hope my comments about the avenues of growth we see kind of are helpful to you, and we'll certainly talk a lot more about those in the future. So, look forward to continuing our dialogue with the industry here. So thank you.

Operator

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.