

AST SpaceMobile (ASTS) / 16 Aug 22 / 2022 Q2 Earnings call transcript

Company Profile

[Transcript menu](#)

Scott Wisniewski	Chief Strategy Officer
Abel Avellan	Chairman and CEO
Sean Wallace	CFO
Griffin Boss	B. Riley
Bryan Kraft	Deutsche Bank
Caleb Henry	Quilty Analytics
Landon Park	Morgan Stanley

Operator

Print

Good day and thank you for standing by. Welcome to the AST SpaceMobile Second Quarter 2022 Business Update Call. Please be advised that today's conference is being recorded. I would now like to hand the conference over to your speaker today, Scott Wisniewski, Chief Strategy Officer of AST SpaceMobile. Please go ahead.

Scott Wisniewski

Thank you and good afternoon, everyone.

Let me refer you to slide 2 of the presentation, which contains our Safe Harbor disclaimer.

During today's call, we may make certain forward-looking statements. These statements are based on current expectations and assumptions, and as a result, are subject to risks and uncertainties. Many factors could cause actual events to differ materially from the forward-looking statements on this call.

For more information about these risks and uncertainties, please refer to the Risk Factors section of AST SpaceMobile's Annual Report on Form 10-K for the year that ended December 31, 2021 with the Securities and Exchange Commission and other documents filed by AST SpaceMobile with the SEC from time-to-time. Readers are cautioned not to put undue reliance on forward-looking statements and the Company specifically disclaims any obligation to update the forward-looking statements that may be discussed during this call. Also, after our initial remarks, we will be starting our Q&A section with questions submitted in advance by our shareholders.

Now, referring to slide 3, for those of you who may be new to our Company and our mission, there are over 5 billion mobile phones in use today around the world. But many of us still experience gaps in coverage as we live, work and travel. In this backdrop, AST SpaceMobile is building the first and only global cellular broadband network and space to operate directly with standard unmodified mobile devices based on our extensive IP and patent portfolio.

Our engineers and space scientists are on a mission to eliminate the connectivity gaps faced by today's 5 billion mobile subscribers and finally bring broadband to the billions who remain unconnected. Since our last quarterly business update, we have made strong progress and it is my pleasure to now pass it over in Chairman and CEO, Abel Avellan, who will take you through right now.

Abel Avellan

Thank you, Scott. I would like to do a quick technology and industrialization update.

Let me start with BlueWalker 3. BlueWalker 3 has been delivered to Cape Canaveral. It is a plan to be launched -- on a launch window early to mid-September. In parallel to construction of BlueWalker 3, we are building the next five satellites that are under initial construction phase. Using designs and parts similar to what we have in BlueWalker 3, including the FPGA, reaction wheels, antennas, and they are planned to be launched in late 2023. In parallel to that we also have a substantially complete commercial agreements with partners and vendors in order to get access to the components that we will need for the next five Block 1 satellites and the next generation satellites. Also, we're on target with our extension facility, Site 2 to support our scheduled plan of launches. A little more detail of what happens when we launch BlueWalker 3, what we'll be the launch and testing timeline. On July 19th, we transported BlueWalker 3 to California for testing -- environmental testing that was successfully completed in California. On August 9th we transported BlueWalker 3 to Cape Canaveral, where we continue testing, will continue testing here in the Cape, while at the same time we are going to complete the preparation for the launch. Then the launch is planned for a window between early September to mid-September on a Falcon 9 from Cape Canaveral. A T+2, so two months after the launch -- approximately two months after launch, we will have BlueWalker 3 placed into its orbit. We initiate -- initially in orbit testing.

We will unfold the array and will deploy the QV antenna for initiating communication around. And then from T, from launch all the -- six months, we will start campaign to testing our broadband direct-to-cell phone systems in cooperation we participating MNOs on six continents.

We will also be testing BlueWalker 3 satellite using Nokia and Rakuten infrastructure to interconnect with the local operators. And that's kind of what we have as a plan for BlueWalker 3 for now to launch. Continuing to -- in the business momentum, continuing to be strong.

We have added three new operators included a memorandum of understanding with Smartfren Telecom in Indonesia. Indonesia is a large and important market.

With them, we had reached more than 1.8 billion subscribers that we can access through the agreements or memorandums of understanding that we have with operators around the globe.

We have increased our patent portfolio to more than 2,400 patent and patent pending claims to support our strong and expanding competitive advantage.

We also have achieved an agreement to sell a majority ownership of NanoAvionika on an enterprise value €65 million. The Company is expected to receive approximate \$27 million in net proceeds at closing.

Just recently, we have completed an agreement with Nokia for their 4G and 5G technologies to be integrated into our space network. The technology that we'll be using for them is the AirScale System, which is planned to be offered as an interconnection infrastructure between our satellite infrastructure and the MNO infrastructure. And with that, I would like to hand it over to Sean, our Chief Financial Officer.

Sean Wallace

Thanks Abel. Good afternoon, everyone. These are exciting times for AST. And I want to thank the entire AST team for their efforts in getting the BlueWalker 3 test satellite to Cape Canaveral. There has been an incredible amount of hard work and dedication for this to happen, and it's truly been a team effort.

As I reflect to my first three months at AST, I continue to be impressed by the significant progress our company has over the past few years. This progress has been recognized through the interest from large important third parties, including MNOs with whom we have agreements and understandings representing over 1.8 billion subscribers. And through our recent announcement with Nokia where one of the leading mobile equipment providers in the world has recognized the potential of our system and is willing to invest significant time and resources to support our efforts.

Let me move on to a discussion about some of our key operating metrics that are presented on slide 7.

Looking at the first chart, we see for the second quarter of 2022, we had non-GAAP adjusted operating expenses of \$31.8 million versus \$29.4 million in the first quarter. Non-GAAP adjusted operating expenses exclude non-cash operating costs including depreciation and amortization and stock-based compensation totaling \$3.6 million and \$3.4 million in the second and first quarter, respectively.

We expect to continue to expand that level of operating expenses for the next two quarters. The \$2.4 million increase in adjusted operating expenses compared to the first quarter was related to increased employee costs, and other research and development and engineering expenses as we ramp up the development and infrastructure investments to support the BlueBird program. In the second chart on the page, you can see that our total property, plant and equipment increased by \$9.4 million in the second quarter. This compares to an increase of \$19 million in the first quarter. The \$9.4 million and \$19 million represent our capital expenditures for those periods. A payment to our launch provider in the first quarter was a reason for the larger capital expenditures in the first quarter. And on the final chart on the slide, we ended the second quarter with \$202.4 million in cash. We believe this cash is sufficient to support our cash expenditures for more than the next 12 months.

In addition to this cash on hand, we've been working hard to develop other sources of cash and liquidity to supplement our activities. We understand the capital intensive nature of our project, and we are highly focused on exploring a wide range of options in order to efficiently fund our efforts.

As our BlueWalker 3 satellite now resides in Cape Canaveral, we are now focusing our investments towards the production of our BlueBird satellites. We believe the key advantage of the SpaceMobile system is its ability to be deployed in a phased manner, where we can target a modest number of satellites to provide limited coverage to specific countries. We believe this ability to phase in our coverage will provide us a first-to-market advantage and enable us to work with MNOs to introduce services and develop the market. We currently estimate the capital expenditures required for the design, assembly and launch of our first 20 commercial satellites to be approximately \$300 million to \$340 million. This is an increase from a midpoint of \$14 million per satellite to \$16 million per satellite, or a little over 14%. The estimated capital cost to complete the satellite configurations has increased from our prior estimates, due to a number of factors. The initial five satellites, which we expect to launch in late 2023 will now use existing components from our BlueWalker 3 tests satellite design, including certain integrated circuit components, navigation controls, and antennas. We benefit from this change in mix of satellites, as it will enable AST to construct and launch these satellites sooner, but this will also result in an increase in cost per satellites, due to the current higher cost of these first generation components.

In addition to this change in the mix of our first 20 satellites, a number of factors including inflation, supply chain disruptions, design changes, and increases in the cost of electronic components, assembly equipment, launch costs, salaries and other aspects of our satellite design and assembly activities has increased the cost to design, assemble, and launch our satellites. These estimated cost trends are preliminary estimates, and based on certain assumptions and information currently available to us and are subject to change based on numerous factors described earlier, as well as delays in the development of components and materials, launch costs and other factors. I am encouraged by the progress that the team has made and I'm excited about the Company's future as we transition from the development phase to commercial satellite production. Thank you for your continued support of the SpaceMobile mission. And with that, I'll turn it back to Scott.

Scott Wisniewski

Thanks, Sean.

Before we go to the queue of analyst questions, I would like to address a few of the questions submitted ahead of the call by our investors. Operator, could you please start us off with the first question?

Operator

Terry from Georgia asked, what is the ramp-up plan for BlueBird launches and deployments postproduction?

Abel Avellan

Thank you, Terry, for the question.

Our will plan is to use our two production facilities in Midland, Texas. One, which is the production facility that we used to build BlueWalker 3, and Site 2 to which is the production facility where combined with Site 1 will allow us to scale up, up to six satellites per month production.

So, we're taking a phased approach.

We are first building our next block of satellites using similar technologies and a combination of our current facility and Side 2 in order to launch -- to support the launches that we have next year, and then, to follow-up and extend our site to support the six satellites per month production capabilities.

Operator

Steve from Arizona asked, will the proceeds from the sale of AST's stake and Nano and equity sold under the B. Reilly facility generate enough proceeds to complete phase 1 of the SpaceMobile constellation, or will other actions such as tapping into the mixed shelf offering be needed?

Sean Wallace

Steve, thanks for that.

As we disclosed in our filings, we look to manage our business with liquidity for at least the next 12 months. And as I stated earlier, we believe we have enough cash and resources to fund our activities for the next 12 months. Having said that, we will need to raise additional capital before entering into Phase 1 commercial service with 20 satellites.

As part of this capital raising effort, we have been working on a number of fronts, including the filing of a \$500 million shelf for debt, equity and preferred. We sold Nano which will provide us \$28 million in gross proceeds. And we are in advanced stages in securing equipment facility which will help us purchase equipment in our manufacturing facility.

We will be opportunistic in raising this capital and strategic, and continue to raise capital in a variety of sources in order to find out our plan.

Operator

Rick from the Netherlands asked, can you please explain the expected average cost of the BlueBird satellites compared to the cost of BlueWalker 3?

Sean Wallace

Yes. Rick, the BlueWalker 3 costs are result of one time research and development, building out supplier relationship, seeing what works and doesn't. And a lot of that expenditure will be done once but not again.

Our Block 1 BlueBirds will benefit from these learnings design and manufacturing and material selection as well as scale economics and prior upfront investment.

As I mentioned earlier, the increase in our capital costs estimates for the first 20 satellites was a result of the use of older generation BlueWalker 3 parts and the first five satellites, and the impact of general inflation and supply chain issues. This has increased our estimated per satellite costs to go up about 14%.

Operator

Ashwin from Toronto asked, can you stress test BlueWalker 3 in Ukraine? Starlink is already in heavy use there, and SpaceMobile would definitely add value by connecting emergency services in the eastern southern parts of the country to broadband internet?

Scott Wisniewski

Our technology architecture, which does not require user terminal and is designed to connect directly with unmodified handsets, this is really ideal for when terrestrial networks are not available.

For the Ukraine, we would love for our solution to someday support humanitarian missions and save lives, and this applies to natural disasters, outages or other emergencies. But we do not currently plan to test BlueWalker in Ukraine.

Operator

Andrew from Pennsylvania asked, what do you anticipate being the biggest challenge for the launch and deployment of BW 3?

Abel Avellan

Thank you, Andrew. Well, we'll be continuously testing blue Walker three all the way till we get it capsulated to the launch vehicle. That is planned for a launch that is scheduled early- to mid-September. Between now and then we'll continue a significant amount of testing. And we also continue preparing to be ready to launch by that date.

All of that is being performed in the Cape, in Midland facility where this satellite will be launched. After that is completed with launch, we will be getting into space, we will be running an in-orbit test, basically to make sure that everything continues to work as we get into space and that we get it to our orbit, then we'll deploy. And then we continue, as I explained earlier, and continue our test campaign together with our network partners around the globe.

So, that's a very significant logistic.

We have test plan in every single continent, where there is population. Many test facilities and locations have been lined up for that. There's a lot of logistics required for that, in order to do all these testing in a timely manner.

Scott Wisniewski

And with that, I'd like to thank our shareholders for submitting these questions. Operator, let's open the call the analyst questions now.

Operator

[Operator Instructions] Our first question is from Griffin Boss with B. Riley.

Griffin Boss

So, first off, we've obviously seen some strength in the stock recently. I'm not going to try to speculate on the exact drivers there. But it seems like the significant rally on the 11th came on the heels of the SEC announcement that SpaceX wouldn't be awarded the \$900 million from the RDOF fund. Whether or not that contributed to the rally is anyone's guess. But at the end of the day, you're not competing directly against Starlink or -- and the RDOF's unrelated to ASTS, given that it's focused on fixed broadband. But I did want to come back to that topic of government funding in general, we know you're buying for a piece of the 5G fund in the U.S. I just was curious if you guys could provide any other color if there are other government programs already out there internationally that you're looking to participate in or if you expect to see many of those opportunities like that outside the U.S. in the future?

Scott Wisniewski

Hi, Griffin. It's Scott here. I'll take that one.

So, I think first off, we continue to believe that we qualify under a prospective 5G for America FCC fund. Details on that have not been released. It's still in process. But, we continue to believe that we qualify for that based on the rulemaking from a little while ago. And that's an opportunity for us for sure. Globally, there are similar types of funding available.

We haven't talked about those specifically. And -- but generally speaking, I'd say, our message and our story has been pretty well received. And there are -- apart from grants, there's also, government supported debt that's available.

And so, I think our story continues to resonate well with governments and with regulators. And importantly, as we get closer and closer to a launch, and we delivered a satellite to Cape Canaveral, that -- seeing that satellite, seeing that the tangible milestone has been has been very powerful with a lot of different audiences. But we continue to believe we qualify for that prospective FCC fund, but we're in wait mode there.

Griffin Boss

And then, next is related to the upcoming BlueWalker 3 launch and then subsequent testing. If everyone -- or if everything goes according to plan and there's no issues, obviously, with that technology risk in the rearview mirror, your ability to sign deals becomes much simpler. And I know you guys mentioned a few more in the quarter, that was good to see. But as we know, the BlueWalker 1 launch in 2019 was sort of the basis for investment from Vodafone, Rakuten, and A&T. And to the extent that you guys can discuss anything around that, have you been in talks with additional MNOs that maybe already have alluded to their willingness to sign MOUs in the event that the BlueWalker 3 testing is successful?

Scott Wisniewski

At this point, we've signed up to an agreement or understanding with quite a lot of the global MNOs.

So, we're approaching 2 billion of subscribers under some form of agreement or understanding. And the message continues to resonate quite nicely. Again, in the prior question I referenced the tangibility, the delivery of the satellite. Those are very powerful factors that our customers and regulators are pointing to. There are a few other large MNOs that are out there, over 100 million subscribers that we have not signed. But generally speaking with -- where with when nearly all the top MNOs, who are not -- say in China or not conflict with Vodafone.

So, really, we've made a lot of the progress there.

I think for us, there's tangible milestones, very powerful. And we'll continue to accelerate the customer conversations, but we're pretty happy where we are at this stage.

Griffin Boss

So, just along those lines, I know you mentioned the Nokia deal. And I was just hoping if you guys could elaborate a little bit more on that partnership, and the role that Nokia is playing and the rollout and commercialization of SpaceMobile, and how this agreement is sort of different than the other MNO agreements that we've seen in the past?

Scott Wisniewski

Absolutely.

So regarding Nokia, they're one of the -- they're the top three global providers of RAN network, hardware and software globally.

So, these are companies that sell to the same customers that are same customers. They sell equipment and software to the wireless companies who then use it to build out their network, there is technology that sits on top of the tower, on the base of the tower, and then back to the network core.

So, they are a leader here. And they together with Rakuten, who's a new entrant, and one of our top investors, they're two providers of this equipment that'll sit back at the Gateway, a couple of locations within each country and be part of the network, the MNO network for connecting to our backhaul.

So, I think that's a real powerful indicator that we have someone like that working with us. And their off-the-shelf hardware and customized software will be very, very valuable for our MNOs and allow them to scale up very quickly.

Operator

Our next question is from Bryan Kraft with Deutsche Bank.

Bryan Kraft

Great to see the progress at BlueWalker 3 and the launch coming in September. I wanted to ask you, though, about the announcement around the timing of the 5 BlueBirds that will launch in late 2023.

I think it represents roughly two-quarter postponement from your disclosure in May.

Assuming that's right, can you just talk about the factors behind the change in the timeline for the launches? And also at this point what your overall timeline is for commercializing -- starting to commercialize the BlueBirds and generating revenue from the satellites? Thank you.

Abel Avellan

The planning to launch these five satellites in a single launcher, also known on a Falcon 9. The idea is to actually to start monetizing these initial satellites with a service that is not continuous but a service that allowed us to start monetizing the satellites earlier, rather than waiting for the complete block of satellites to be in place. This launch is planned for later in 2023. It's proposing [ph] that we have done with them.

So, we are reusing a significant part of the all design in BlueWalker 3. We all need is that BEA [ph] software in order to renew that as at the same time, we're also having the next generation of satellites in design and to start strategically the production of the set of components for them.

So, that's the rationale of that is basically to get to a service with these initial satellites, it will not be continued service as we need more to have continuous everybody where it will allow us to basically start monetizing with those initial satellites earlier than having the complete fit.

Bryan Kraft

So, it sounds like early 2024, is that the right way to interpret your statements at all?

Abel Avellan

Yes. I mean, late -- very late '23, early 2024. Yes.

Bryan Kraft

Okay, great. And just your confidence level in that timeline for late 2023 on the launches, it sounds like you've got a lot of the pieces in place now.

So, it sounds like you're fairly confident in that.

Abel Avellan

Yes. We announced earlier we have a reservation for that launch.

We are basically taking advantage of everything that we have learned, built for BlueWalker 3. There is many, many, many lessons learned, we built the first and we always applying them to our processes to -- built. Yes, I mean, as we continue to repeat the production of the satellites, the pace will be accelerating.

So, that's -- so that's why we have taken this approach?

Operator

Our next question is from Caleb Henry with Quilty Analytics.

Caleb Henry

A few questions for me.

The first five satellites, can you give any detail on how those will be different from the remainder of Block 1 satellites, the other 15?

Abel Avellan

Yes. The main difference is -- there are two differences. One is their size and masse, and then the other relevant different is the usage of ASICs versus FPGAs. Those are the two distinct differences between the two satellites.

Caleb Henry

Okay. How much of a size difference are you looking at between the two different designs?

Abel Avellan

Say around [ph] half between one and the other.

Caleb Henry

The latter ones, the ones with the ASICs will be the smaller spacecraft?

Abel Avellan

No, they will be the largest.

Caleb Henry

They will be larger, so they will be about twice as big.

You mentioned that you guys have testing for the satellites in California, was manufacturing is in Texas and the launch for time being is in Florida.

Just wondering if there any plans to try and consolidate testing to a location that's either closer to manufacturing or launch or is not really an issue having it in California?

Abel Avellan

No, that was really a onetime event for all the subsequent satellites, both the environmental testing, which is one of many testings that we that we did.

We have done over 800 tests in the spacecraft. And as I said earlier, we will be testing till we are completely encapsulated into the launch vehicle.

Going forwards, all satellites will be fully -- we will not need to transport the BlueBird ones outside our facility.

Caleb Henry

And then just last question.

So, in terms of launching the remainder of the Block 1 satellites and then going beyond that, do you have any timelines planned for the announcement of additional launch orders, or do you have additional launch capacity already secured with SpaceX beyond those first five?

Scott Wisniewski

So, we had a multi-launch agreement with SpaceX and so we did have -- did some prepayments for additional launch.

So, that has been made, and that would go potentially, for a second launch.

In terms of components, we've put in place, component suppliers for first five satellites and for the next generation, beyond that many components are already contracted as well.

So we've got a plan in place we. We try to be smart around long lead items and seeing into the future because obviously there's disruptions in the supply chain to manage that everyone's dealing with.

So, we've been planning actively for the satellite to come after the first five. But at this time, we're not going to announce when but those are ones that we're obviously very focused on. And we want to be building satellites as fast as we can. But we've taken these first five satellites as a single launch, as Abel said, kind of a chunky way to make a dent in the constellation. And that's one that we're doing the first move and we plan to have satellites behind that very closely.

Operator

Our next question is from Landon Park with Morgan Stanley.

Landon Park

Just on the BlueWalker 3 testing, can you, Abel, talk about, what are the main issues that you think could arise during testing? What do you view as the biggest hurdles to sort of overcome? And what type of disclosure should we expect throughout the sort of that six-month process of testing?

Abel Avellan

Well, I think in order to answer that, I will have to split this in phases.

So, the first test that gets performed is after we launch and get into orbit.

We will perform an in-orbit testing, which basically will be to verify that the all the components and satellites cells [ph] arrive properly to into its orbit and all the components are functioning as suspecting. That will be the first phase. And we believe that that would be in the first two weeks after launch. Then after that, there will be a phase when we decide to deploy, basically to release the array. And basically, we have a phased array of approximately 8-meter by 8-meter that get deployed.

We have cameras, we have potentially other satellites taking picture of that event.

We're that close that basically proved the mechanisms and the ability to open the satellite. The last events we start basically, we have a lot of these preplanned and obviously agree with the network operators when we start doing broadband direct to the cell phones with BlueWalker 3.

So for that we will have multiple opportunities to test with leading operators, the satellite. Together with the Nokia and Rakuten equipment on the ground, we basically will be able to demonstrate broadband directly to the handset. That's kind of the last phase.

Landon Park

Thanks. Which of these do you view was the biggest hurdle for you to overcome?

Abel Avellan

Well, that's difficult to say. I mean, we had to spend over a year testing and verifying that all these tests will function as planned.

So, at this moment, our view is when we launch is that we are all -- we think that everything will operate as planned. And that's also what we have faced in orbit testing, deployment and then actual broadband to cell phones.

Landon Park

And can you remind me what type of throughput per device you're expecting with the BlueWalker 3?

Abel Avellan

We're expecting 5G and 4G data rates.

Of course, it's a test satellite. And we will be fine tuning the network together with the operators. We believe that we will be in compliance with the 5G specifications of the FCC for the 5G rule of phone, starting with BlueWalker 3.

Of course, we'll launch the additional satellites, and we add additional improvement to them.

We expect that to increase.

Landon Park

So, just to make sure I am understanding. With BlueWalker 3, the service throughput will be more limited. The expectation is that because your testing is in such a narrow band or...?

Abel Avellan

No, we had our experimental license, we had permitted block.

For testing we have facilities in locations in Texas to perform the test, also in Hawaii. And this is a 10 megahertz spectrum allocated to us.

We expect roughly 1.5 bits per hertz on the uplink, 2 to 3 bits per hertz in the downlink and that we have spectrum located.

We have approval from the FCC to do this testing.

Landon Park

So, that's 10 megahertz of TDD I guess?

Abel Avellan

FDD 10 megahertz....

Landon Park

Okay.

So, it sounds like double digit downlink...

Abel Avellan

Yes.

Landon Park

In terms of data rights.

Okay. And what is the -- have you talked about the type of throughput per satellite you're expecting for Blue Walker 3 and what that -- what the ratio then is to the BlueBirds?

Abel Avellan

I mean, the amount of capacity per satellite is around 1.8 million gigabytes per month per satellite. That number will increase.

We have satellites that we will be able to -- to enable MIMO into the network. But we are in the up -- approximate capacity -- of capacity that we plan to support with this type of spacecraft is around that number.

Landon Park

Can you unpack that number in terms of what the assumptions are in terms of gross throughput and usable throughput are?

Abel Avellan

That is usable throughput into handsets that's billable...

Landon Park

Yes. I understand. I'm just wondering what are the underlying -- what is the -- in terms of gigabits per second, what is the throughput of the satellite?

Abel Avellan

Well, we had approximately 9 to 13 gigabytes -- gigabit per second of capacity back to ground that we can bring down into an area of approximately 2,800 kilometers of the diameter that moves around the around the earth. And that when you take into consideration -- as the satellite moves between areas where there is phones or area where there are no phones and all of that, that's how you basically can get an estimation of the amount of 22 gigabytes that you can transmit into the handset.

Landon Park

Just to make sure I'm understanding -- you said 9 to 13 gigs per satellite in terms of throughput?

Abel Avellan

Yes.

Landon Park

Okay. And that's BlueWalker 3 or that's BlueBird -- the initial BlueBird?

Abel Avellan

No, BlueWalker 3. I'm sorry. Those are the production satellites...

Landon Park

That's all very helpful. And then, Sean just one question for you. Did you size the funding gap that you're expecting and...?

Sean Wallace

We don't disclose that as yet. What we have been doing is giving guidance on how we're funded for the next 12 months. And we've also given guidance on our 20-satellite configuration.

Landon Park

And it sounds like -- so your quarterly burn rate shouldn't exceed \$50 million, it sounds like over the next year on average?

Sean Wallace

We're expecting cash operating since around 30, CapEx will go up or down but it could be in that range.

Operator

We have reached the end of the question-and-answer session. And I will now turn the call over to Scott Wisniewski for closing remarks.

Scott Wisniewski

Thank you, operator.

Our company is building a space based cellular broadband network designed for use of the phone in your pocket today. We want to thank all of our shareholders for joining the call and their continued strong support of the AST SpaceMobile mission. Thank you.

Operator

Thank you. This concludes today's conference call. Thank you for participating.

You may now disconnect.