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US Aerospace & Defense

Chart of the Day: Spotlight on Space

CITI'S TAKE

Today, we initiated on SPCX with a Buy rating (see [Potential for \\$900+: Initiating at Buy](#)). Because the company's ultimate advantage is rooted in its ability to deliver mass to orbit at greater scale and lower unit cost than any other entity on the planet, if SPCX succeeds in demonstrating key technological and operational milestones in the upcoming, catalyst-rich ~2-3 years without faltering, then we see a path toward a long-term valuation level of \$900+/share. This is justified by SPCX's superior growth outlook in 2030+. More likely, as SPCX themselves have quipped, they are very good at delivering results – but not always on time. Accordingly, we initiated with a \$200 target price and anticipate raising our TP at regular intervals as risks are retired, milestones are hit, and launch cadence grows. Join us for 10+ hours of webcasts on *The Space Economy and Future of AI* on July 8th.

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See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations

Figure 1. SPCX Valuation Summary

Valuation Method 1: 2027 EV/Rev:Growth & EV/EBITDA:Growth vs. "Trillion Dollar Comps"		
EV/Rev:Growth Multiple	2027E	Notes:
Revenue (\$M) Est.	\$69,926	2027 Citi Total Revenue Estimate
Revenue Growth YoY %	81%	2027 Citi Total Revenue Growth Estimate
Median EV/Revenue:Growth Multiple	0.33x	Median Trillion Dollar Comps 2027E Revenue Growth Multiple
EV/Rev Multiple	27.0x	Implied EV/Rev based on peer EV/Rev Growth Multiple
Implied Enterprise Value (\$M)	\$1,887,090	
EV/EBITDA:Growth Multiple	2027E	
EBITDA (\$M) Est.	\$40,150	2027 Citi Total EBITDA Estimate
EBITDA Growth YoY%	129%	2027 Citi Total EBITDA Growth Estimate
Median EV/EBITDA:Growth Multiple	0.57x	Median Trillion Dollar Comps 2027E EBITDA Growth Multiple
EV/EBITDA Multiple	72.8x	Implied EV/EBITDA based on peer EV/EBITDA Growth Multiple
Implied Enterprise Value (\$M)	\$2,923,231	
Avg Implied Enterprise Value (\$M)	\$2,405,161	
SPCX Price Per Share	\$191	

Valuation Method 2: Sum-of-the-Parts Using Narrow, Industry-Specific Comp Groups					
	Space Segment	Connectivity Segment	AI - Advert. Sub-Segment	AI - Infrastr. Sub-Segment	Total
EV/Rev Framework	2027E	2027E	2027E	2027E	2027E
Revenue (\$M) Est.	\$7,259	\$27,825	\$5,334	\$29,508	\$69,926
Revenue Growth YoY % Est.		54%	106%	122%	81%
Median EV/Revenue:Growth Multiple		0.48x	0.26x	0.22x	0.34x
EV/Rev Multiple	36.3x	25.9x	27.6x	27.0x	27.6x
Implied Enterprise Value (\$M)	\$263,376	\$721,843	\$147,096	\$797,386	\$1,929,702
	Space Segment	Connectivity Segment	AI Segment		Total
EV/EBITDA Framework	2027E	2027E	2027E		2027E
EBITDA (\$M) Est.	\$2,708	\$17,186	\$20,256		\$40,150
EBITDA Growth % Est.		58%	179%		129%
Median EV/EBITDA:Growth Multiple		0.83x	0.46x		0.54x
EV/EBITDA Multiple	97.2x	48.4x	83.0x		69.1x
Implied Enterprise Value (\$M)	\$263,376	\$831,053	\$1,681,803		\$2,776,232
Avg Implied Enterprise Value (\$M)	\$263,376	\$776,448	\$1,313,143		\$2,352,967
SPCX Price Per Share					\$187
Space Notes: Given the majority of Space Segment operations are dedicated to internal use, we do not use growth adjusted multiples. Instead, we use a market-cap weighted EV/Rev multiple on 2027 revenue and derive a 2027 EV/EBITDA accordingly.					
Connectivity Notes: We apply the median "High Growth Connectivity Comps" 2027 EV/Rev:Growth and EV/EBITDA:Growth multiples to our 2027 segment revenue growth and EBITDA estimates, respectively.					
AI Notes: We separate revenue comps into "Advertising Comps" and "AI Infrastructure Comps" and apply median 2027 EV/Rev:Growth multiples to our 2027 segment revenue growth estimates. For EBITDA comps, we exclusively utilize "AI Infrastructure Comps" and apply median 2027 EV/EBITDA:Growth multiples to our 2027 AI segment EBITDA growth estimates.					

Valuation Method 3: EV/Revenue and EV/EBITDA vs. "Trillion Dollar Comps"					
EV/Rev Multiple	2027E	2028E	2029E	2030E	2031E
Total Revenue (\$M)	\$69,926	\$163,318	\$279,310	\$484,318	\$1,010,355
Median EV / Rev Multiple	7.9x	6.8x	5.6x	4.8x	4.3x
Implied Enterprise Value (\$M)	\$552,134	\$1,104,525	\$1,566,636	\$2,334,028	\$4,350,767
EV/EBITDA Multiple	2027E	2028E	2029E	2030E	2031E
Total EBITDA (\$M)	\$40,150	\$112,315	\$198,855	\$360,423	\$829,704
Median EV / EBITDA Multiple	15.5x	12.6x	10.4x	9.2x	6.0x
Implied Enterprise Value (\$M)	\$623,379	\$1,413,513	\$2,076,863	\$3,298,115	\$5,019,036
Avg Implied Enterprise Value (\$M)	\$587,756	\$1,259,019	\$1,821,750	\$2,816,072	\$4,684,902
SPCX Price Per Share	\$51	\$102	\$146	\$222	\$366

Valuation Methods	Method 1	Method 2	Method 3	Average
Price Target	\$191	\$187	\$222	\$200

Illustrative Bull Case: 2030 EV/Rev:Growth & EV/EBITDA:Growth vs. "Trillion Dollar Comps"		
EV/Rev:Growth Multiple	2030E	Notes:
Revenue (\$M) Est.	\$484,318	2030 Citi Total Revenue Estimate
Revenue Growth YoY %	73%	2030 Citi Total Revenue Growth Estimate
Median EV/Revenue:Growth Multiple	0.25x	Median Trillion Dollar Comps 2030E Revenue Growth Multiple

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Source: Citi Research Estimates, FactSet



Space Exploration Technologies

(SPCX.O; US\$149.47; 1; 07 Jul 26; 16:00)

Valuation

We derive our \$200 base-case price target for SPCX using the average of three valuation methods: 1) 2027E growth adj. multiples (EV/Revenue/Growth and EV/EBITDA/Growth) for the “Trillion-Dollar Comps” (a basket of similar trillion-dollar+ market caps); 2) sum-of-the-parts (SOTP) valuing Space, Connectivity, and AI separately using 2027E growth adj. multiples (EV/Revenue/Growth and EV/EBITDA/Growth) for industry-specific comparable companies; and 3) 2030E comparable company multiples (EV/Revenue and EV/EBITDA) for the “Trillion-Dollar Comps” (a basket of similar trillion dollar+ market caps).

Risks

Risks to our thesis, which could impede the shares from reaching our price target, include headwinds to the launch segment which reference the failure to demonstrate rapid reusability on Starship, lack of launch infrastructure, and regulatory headwinds from the FAA and other government organizations. The failure to rapidly gain market share in Starlink mobile, as well as demonstrate the ability to create AI orbital satellites capable of compute, also presents risks to SPCX.