09 Jul 2026 02:03:45 ET | 12 pages

Space Exploration Technologies (SPCX.O)

10+ Top Takeaways From the 10+ Hour Teach-In

CITI'S TAKE

We hosted a 10+ Hour 'Teach-In' on *The Space Economy & Future of AI*. Here we highlight the top takeaways from the event.

1) On the Future of Satellite Technology & Orbital AI: We hosted multiple experts from a leading satellite company on satellite technology who punctuated their 'Teach-In' with the point that orbital AI satellites are not only possible as a matter of physics but that the key engineering problems associated with orbital AI satellites have also already been solved. The key at this stage, in their opinion, is more a matter of unit economics as the advanced materials and components that form the engineering solution to orbital AI are prohibitively expensive at this point, in their view. A similar point was echoed in our discussion on space-based solar panel technology earlier in the day.

2) On Terafab: Citi Semiconductor Analyst Atif Malik believes that the economic case for Terafab is strong and completion of a Terafab-like facility is likely, citing evidence of orders already being placed in the supply chain. But - he cautions that we should incorporate some layer of conservatism in the timeline to account for memory supply constraints/delays/production ramp given the scale of the effort.

3) On The Space Economy TAM: The space TAM is not fixed. VOYG CEO Dylan Taylor emphasized that the burgeoning space economy is entering a historic investment cycle, driven by a powerful flywheel where simultaneous government and commercial investments mutually reinforce one another, lowering costs and spurring innovation. He believes that we are in the early stages of what is a 10+ year investment cycle akin to prior, historic investment cycles (perhaps like the internet-driven tech-boom decades ago). This ultimately creates compounding layers of opportunity, from the industrialization of LEO to a multi-decade infrastructure build-out in lunar, establishing a robust and expanding economic platform for the entire space complex.

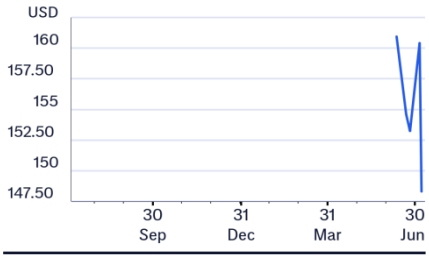
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EPS (US$)	Q1	Q2	Q3	Q4	FY	FC Cons
2025A	-0.14A	-0.26A	-0.27A	-0.60A	-1.27A	na
2026E	**-1.10A**	**-0.40E**	**0.13E**	**0.25E**	**-0.24E**	**-0.79E**
Previous	-1.10A	-0.40E	0.13E	0.25E	-0.24E	na
2027E	**0.28E**	**0.20E**	**0.11E**	**0.15E**	**0.74E**	**0.43E**
Previous	0.28E	0.20E	0.11E	0.15E	0.74E	na
2028E	**na**	**na**	**na**	**na**	**6.12E**	**2.31E**
Previous	na	na	na	na	6.12E	na

Source: Company Reports and dataCentral, Citi Research. FC Cons: First Call Consensus.

Buy	
Price (08 Jul 26 16:00)	US$148.30
Target price	US$200.00
Expected share price return	34.9%
Expected dividend yield	0.0%
Expected total return	34.9%
Market Cap	US$1,951,509M

Price Performance (RIC: SPCX.O, BB: SPCX US)



John Godyn AC
+1-212-816-8014
john.godyn@citi.com

Michael Rollins, CFA
+1-212-816-1116
michael.rollins@citi.com

4) On Bipartisan Support: Multiple speakers emphasized the strong historic and continued bipartisan support for space that has transcended typical political cycles. With that said, speakers could not rule out that a continued progressive lean among Democrats could increasingly raise risks for space weapons & defense spending in particular. Accordingly, the ramifications of the mid-term elections should be considered a risk and focal point for investors focused on the space weapons & defense economy.

5) On Urgency to Get Back to the Moon: We hosted experts including Meg Vernal, General Counsel (VOYG) on space law and the political/regulatory backdrop for space who painted a picture of an unusual "grey area" legal framework governing activities on the moon in conjunction with specific areas of lunar real estate being much more valuable than others. Ultimately, the combination of these two themes suggests that there is a strong argument favoring a 'first mover advantage' and that nations interested in establishing a lunar presence must act with urgency or risk being boxed out by countries who get there sooner.

6) On the FAA's Role in Space/Launch: We hosted Michael O'Donnell, Former Deputy Associate Administrator, Commercial Space Transportation (AST-2) at The Federal Aviation Administration, who believed that it was not outlandish to achieve thousands of launches annually in the coming years. His optimism surprised even us. He emphasized that significant investment had to be made in the FAA from a resource and personnel perspective but that there were no structural barriers to achieving thousands of launches annually that a reasonable amount of investment could not solve. He also argued that there is directional support for a dramatic expansion in launch capacity driven in part by a view that if the US doesn't lean into its momentum in launch, then China will surpass the US, which is viewed as an unacceptable risk to many.

7) On Themes in AI: We hosted Jason Warner, Co-Founder/Co-CEO of Poolside and former CTO of GitHub, for a wide-ranging discussion on frontier intelligence and AI infrastructure. Warner argued that current open models exceed the capabilities of frontier systems from roughly 18 months ago, and positioned knowledge work as a roughly $29T category where AI may increasingly substitute for or augment human labor. See *AI Insights from Citi's Space & AI Virtual Teach In*.

8) On Themes in AI Infrastrucure: We hosted Benny Yufei Chein, Co-Founder, Fireworks AI, on the future of AI infrastructure, centering on inference as the next major battleground. The session reinforced that AI infrastructure value is not only about compute capacity, but also inference cost, customer control, model customization, and workload-specific deployment. See *AI Insights from Citi's Space & AI Virtual Teach In*.

9) On Starlink Build vs. Buy: From our meetings with industry experts from Morgan Lewis and Recon Analytics, Starlink will likely need terrestrial solutions to be a full mobile service provider. Within the U.S. market, building its own network was viewed as the likely path forward, rather than buying a Telco or obtaining an MVNO. The counter-response from Telco and Cable incumbents is likely to be a more aggressive push to offer converged service bundles anchored by fiber/cable broadband. See *AI Insights from Citi's Space & AI Virtual Teach In*.

10) On the Need for 'Teragas': Citi's Chemical Analyst Patrick Cunningham hosted Professor Richard Boocock from Boocock Advisory Ltd on the industrial gas industry. The conversation revealed that future demand for industrial gas driven by

SPCX's launch, semiconductor, and other manufacturing needs may reasonably necessitate a high degree of vertical integration as traditional industrial gas players may not be suitable to fulfill SPCX's demand. Conceptually, a so-called 'Teragas' may be part of a future iteration of SPCX's 'extreme vertical integration' strategy.

11) On Space Supply Chain: We hosted the COO from a leading space company on the space supply chain who described fluid supply chain conditions and low lead times at present. Although components that are qualified for space are highly engineered and difficult to manufacture, we do not expect supply chain issues to derail any upcoming ramp in launch cadence or satellite manufacturing.

12) On Data Science For Space Stocks: Citi's Innovation Lab highlighted multiple tools for tracking launch, constellation, and payload metrics. Data corroborates tight launch capacity for the foreseeable future simply based on pre-existing plans across the industry for rolling out satellite constellations.

Space Exploration Technologies

Company description

SpaceX is a vertically integrated technology leader building the foundational hardware and software infrastructure for the future of space, global connectivity, and artificial intelligence. The company's Launch segment pioneered full reusability to provide affordable access to orbit, while its Connectivity segment operates the world's largest satellite constellation to deliver high-speed internet globally. Following its acquisition of xAI, SpaceX has also established a dedicated AI segment that integrates frontier models like Grok with massive terrestrial and orbital compute infrastructure.

Investment strategy

We rate shares of SPCX a Buy due to the following points: 1) Unrivaled launch capabilities right now and for the foreseeable future; 2) Unique capability of scaling space infrastructure and unlocking trillion-dollar market opportunities (Orbital AI and Starlink); 3) Extreme vertical integration, which reinforces the company's ability to drive costs down, throughput up, and deliver at a scale at which no competitor can replicate; and 4) Differentiated margin and growth profiles.

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.

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Appendix A-1

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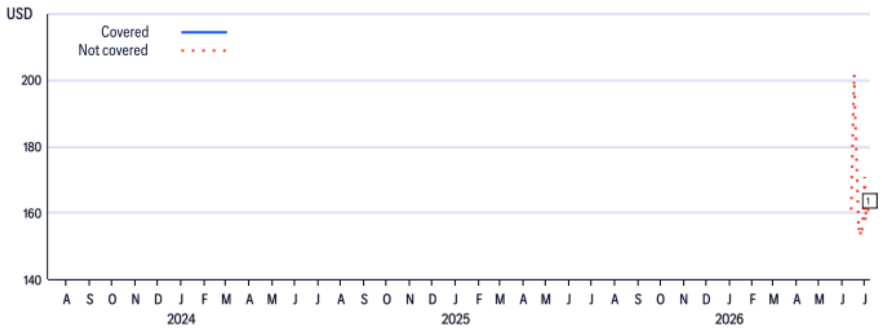
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Fundamental Research

Analyst: John Godyn



Date	Rating	Target Price	Closing Price
1 07-Jul-26 05:00:00	*1	*200.00	160.42

*Indicates Change

Rating/target price changes above reflect Eastern Time

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	12 Month Rating			Catalyst Watch		
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