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UPDATE

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SpaceX | North America

Flight 14 Report Card: Starship Goes Operational, but with an Asterisk

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We would give SpaceX's Flight 14 an overall grade of B+. First orbital flight + operational Starlink is a major accomplishment, but the V3 propulsion system still shows some recurring issues that may require deeper investigation. At this stage, we'd stop calling Starship launches "Test Launches" as each Starship launch deploying Starlink is now conducting work equivalent to numerous Falcon 9 launches (10-25x depending on partial or full payload). Starship V3, which features an entirely new propulsion system and engine design from V2, still shows lingering hiccups with engine outages, although SpaceX has demonstrated incremental progress. In particular, this flight featured a lost Raptor Vacuum engine shortly after stage separation and two sea-level engines that failed to light during booster landing. Neither seriously compromised the flight overall, but the current design clearly needs work before SpaceX can scale to rapid reuse. ***Overall stock implications: Largely dependent on the plan for Flight 15 - we expect more details over the coming days.*** *A ship catch could be the stock's most significant catalyst since the IPO. If the catch slips to Flight 16 or later, however, bears will have another reason to question SpaceX's timelines.*

Report Card in 7 Parts:

1. **Countdown and launch readiness (A+):** Starship launched cleanly off the pad at 8:46am EST with no notable hiccups or launch-day delays.
2. **Liftoff and orbital ascent (C):** One of three Raptor Vacuum engines on the ship failed on ascent (cause TBD). Initially, it appeared that the failure would lead to SpaceX scratching the orbital burn and Starlink payload deployment. However, the team later voted to resume the remainder of the mission and conduct an orbital burn, presumably after determining the failure was isolated and the rest of the Starship propulsion system was performing nominally. Notably, a similar Raptor Vacuum failure occurred on Flight 12 shortly after stage separation - *this appears to be a repeat issue with the V3 Starship that the team will have to address.*
3. **Hot-stage separation (A+):** Clean hot-stage separation and stage split, with no repeat of the ~90° flip that doomed the Flight 12 booster.
4. **Boostback & booster landing burn (B):** Much improved soft splashdown in the Gulf of America vs. the hard splashdown that occurred on Flight 13 due to only 5/13 engines lighting during the final burn. However, 2 engines still failed to light - ultimate impact on the landing unclear from our perspective as Starship does have built in engine redundancy. No catch was planned for this flight, and while not announced, SpaceX may still opt for another soft

SpaceX (SPCX.O, SPCX US)

Space Technology | United States of America

Stock Rating	**Overweight**
Industry View	**Attractive**
Price target	**$300.00**
Shr price, close (Sep 28, 2026)	$145.47
52-Week Range	$225.64-104.83

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS ($)**	(1.69)	0.55	2.54	6.01
Prior EPS ($)**	-	-	-	-
P/E	NM	265.9	57.2	24.2
EPS ($)§	-	0.03	1.77	4.76
Div yld (%)	-	0.0	0.0	0.0

framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates

QUARTERLY EPS ($)

Quarter	2025	2026e Prior	2026e Current	2027e Prior	2027e Current
Q1	(0.18)	-	(0.84)a	-	0.68
Q2	(0.34)	-	(0.09)a	-	0.63
Q3	(0.36)	-	0.19	-	0.59
Q4	(0.80)	-	0.57	-	0.63

investors should be aware that th

Research as only a single factor i
decision.

**For analyst certification and oth
refer to the Disclosure Section, l
report.**



splashdown on Flight 15 instead of catching the booster.

5. **Orbital Insertion (A):** After determining the loss of the Raptor Vacuum engine would have a limited impact on the remainder of the flight (Starship has engine-out capability), Starship completed a successful orbital insertion burn.
6. **Starlink payload deployment (A+):** Completed first ever deployment of 26 operational Starlink V3 satellites with 10x the downlink capacity of the V2 mini satellites launched on Falcon 9. Shortly after deployment, the Starlink satellites were confirmed to be communicating with the broader constellation and operating normally.
7. **Ship reentry, heat shield & splashdown (A-):** After 2 hours in orbit, the SpaceX team decided to de-orbit Starship 6 hours earlier than initially planned out of abundance of caution due to the engine lost during ascent. The ship completed its first ever de-orbit burn followed by a controlled descent, and completed a soft splashdown followed by an explosion (there was no explosion on the prior flight - but that was generally seen as a somewhat unexpected exception). Note that the loss of a Raptor vacuum engine does not impact the landing as long as the failure is isolated as Starship uses its 3 gimballed sea-level Raptor engines (Ship has 6x engines- 3 Vacuum, 3 Sea Level) to conduct its landing burn.

What now? Next launch catalysts to watch:

- **Flight 15 (expected ~1 month out, late Oct / early Nov):** Booster 22/Ship 42 has already conducted cryogenic testing and is awaiting engine installation and eventual static fire. The turnaround from Flight 13 and 14 took longer than expected (>2 months) largely due to SpaceX waiting to receive an FAA Launch License Modification for the new orbital profile and Ship re-entry path, and to make a decision on catching the Ship (SpaceX eventually opted against it after Elon Musk originally stated that was the plan). With the next flight, we'd expect a return to closer to the originally telegraphed 1 launch/ month cadence.
    - **Ship catch still theoretically possible if SpaceX opts to take the risk.** SpaceX/Elon Musk has not explicitly commented on whether or not Flight 15 would be the first catch attempt of the ship (Starship upper stage); Musk only indicated that, as of Aug 20th, SpaceX would attempt a catch "in a few months". As previously mentioned, the ship landing does not use the 3 Raptor Vacuum engines which continue to show issues, only the 3 gimballed sea-level engines. However, a repeat issue with the Vacuum engines could indicate a deeper issue with the propulsion system that the company may opt to investigate and solve before a catch attempt.

    - **Do not expect a V3 booster catch at this time.** Given Flight 13's hard booster splashdown, followed by a more successful Flight 14 splashdown which still lost 2 engines on descent, we expect SpaceX to re-attempt a fully clean soft ocean booster splashdown before attempting to catch the booster.

- **More Starlink V3s.** After launching 26 Starlink V3 satellites on Flight 14, Starship flights have now started to do useful revenue-driving work. Even with the partial 26 sat/launch payload (vs. 60 on a full flight), Starship has launched the equivalent of 10 Falcon 9 Starlink launches worth of capacity. Note the company recently announced it stopped conducting Falcon 9 Starlink launches from Florida as it transitions to Starship.

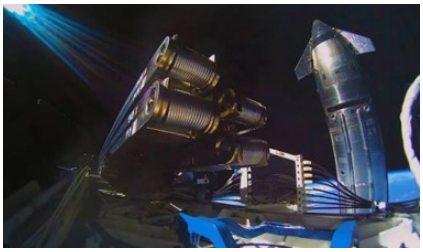
- **Flight 16 (likely before year-end):** If Flight 15 does not include a ship catch attempt, we would expect it on Flight 16 assuming no issues with the engines on the ship. This could also include a booster catch, again assuming no incremental issues, but we also would not be surprised to see SpaceX attempting a solo catch (ship only) before attempting both on the same flight.

See here for our SpaceX Initiation: **SpaceX: AI's Final Frontier; Initiate at Overweight, PT $300 (7 Jul 2026)**

Exhibit 1: Flight 14 Report Card

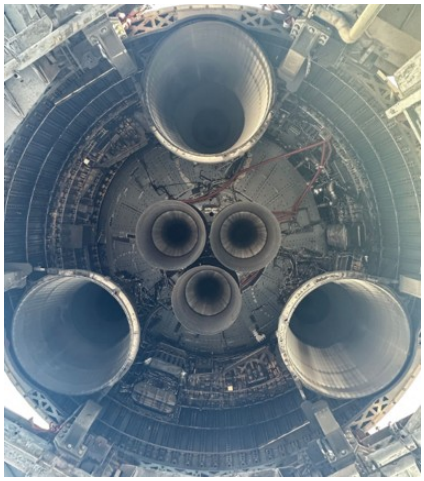


Exhibit 2: View of Ship 41 after Starlink Deployment



Source: SpaceX

Exhibit 3: View of Ship Engines. SpaceX lost one of the outer 3 Raptor vacuum engines used to propel the ship while in space, eventually leading to an early end to the test.



Source: SpaceX

Valuation Methodology and Risks

SpaceX (SPCX.O)

Sum-of-the-Parts by Segment: Space, Connectivity, AI (Divided into X & Grok and Enterprise AI)

- $300 Price Target = sum of Space ($8), Connectivity ($118), X & Grok ($8), Enterprise AI ($165)

2040 ending forecast period

6/30/2027 valuation date

11.2% WACC; 11.9% Cost of Equity.

50% Enterprise AI valuation discount for execution risk

TGR of: 4.0% Space, 4.5% connectivity, 3.0% X & Grok, 5.0% Enterprise AI

Equates to 0.46 EV/EBIT/Growth

Risks to Upside

- Faster Starship reuse progress
- Faster Starlink capacity growth
- Stronger DTC / enterprise adoption
- More neocloud wins
- Cursor ARR acceleration
- Lower AI infrastructure time to power and cost

Risks to Downside

- Slower Starship reuse cadence
- Slower Starlink subscriber growth
- Weaker enterprise AI monetization
- Higher capex / cost per watt of compute
- Longer time-to-power
- Greater funding needs / dilution
- Regulatory delays