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IDEA

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SpaceX | North America

Why Starship Flight 15 Really Matters

T-minus ~1 month. Each Starship launch can deliver 1-2+ months' worth of (Falcon 9 equiv) bandwidth, and Flight 15 (ship catch or not) is a serious proof point toward reusability, de-risking TAM expansion opps across the business. Most investors we speak with are still watching from the sidelines.

Flight 15 (~1 month from now) is shaping up as SpaceX's biggest test towards Starship reusability since the IPO, with Flight 16 (targeted before year-end) potentially an even bigger one.

Our message to investors: We anticipate developments over the forthcoming weeks/months could help profoundly evolve investor expectations about SpaceX's role in converting energy (e) into intelligence (i) at scale through physical agents - robots (r) to help build economically multiplicative technologies for future generations. We believe reducing launch costs by a further order of magnitude (thanks to Starship) while significantly increasing mass to orbit could create new economies and new demand for materials, devices and services on earth that currently do not exist. We are excited to help tell this unfolding story to our clients as we witness the next era of Great Discoveries. Please see our report: Space 1493.

Investors are able to follow the 'WHAT' with each incremental step of SpaceX's journey. We encourage investors to start asking about the 'WHY.' If you would like to share thoughts, ideas and insights please reach out to your Morgan Stanley sales representative.

- **Starship is the ultimate scale enabler for SpaceX.** The "Space" segment (external rideshare launches) represents just $8 of our $300 price target, but we believe Starship is the #1 TAM expansion opportunity for both the Connectivity & Enterprise AI businesses (95% of PT) - enabling orders of magnitude more bandwidth per launch and opening the doors to orbital compute and the much wider space-related TAM (lunar infrastructure, orbital manufacturing, resource extraction, etc.).
- **Going forward, each Starship launch of Starlink is equivalent to min 1 month worth of Falcon 9 launches.** After a successful deployment of 26 Starlink V3 satellites on Flight 14, we expect a repeat or potential even larger load of satellites on the next flight (Starship fits up to 60). Each Starlink V3 has 10x the downlink capacity of the v2 mini sats currently launching on Falcon 9 every ~3 days. This means Flight 15 would equate to 1-2+ months of F9 launches.
- **Little is known on the flight objectives, but we expect additional detail over the next couple weeks.** We believe the SpaceX team is still undergoing

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SpaceX (SPCX.O, SPCX US)

Space Technology | United States of America

Stock Rating	**Overweight**
Industry View	**Attractive**
Price target	**$300.00**
Shr price, close (Oct 9, 2026)	$162.57
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	297.1	64.0	27.0
EPS ($)§	-	(0.03)	1.76	4.74
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 the firm may have a conflict of

Research as only a single factor in making their investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

forensic analysis of Flight 14 to determine the goals for Flight 15. We expect more details in the coming weeks. The flight will utilize Booster 22 and Ship 42 (fourth pair of Block 3 vehicles to fly). Both have completed cryogenic testing and are awaiting engine installation. Launch will be from Pad 2 of Starbase, TX.

- **ATC notices point to November 8th launch - not confirmed by company.** An official CADENA (CANSO ATFM Data Exchange Network for the Americas) slide deck dated October 8th includes an FAA notice for Starship Flight 15 on November 8th and Flight 16 on December 10th. This has not been confirmed by the company, and is subject to push. These regular decks are intended to alert air traffic controllers across the Americas of upcoming flight disruptions, including major storms and space launches.

- **Musk this weekend confirmed a ship catch is possible, although held short of confirming it.** Elon Musk in his keynote interview this weekend at The X Takeover indicated the team is hopeful for a ship catch on Flight 15 without explicitly confirming it. *"The big milestone coming up, which is hopefully Flight 15, is to catch the ship, making it the first full recovery of an orbital class rocket."* Musk also indicated that Flight 15 would likely be in 4-6 weeks, and that the cause of the Raptor Vacuum engine loss minutes after stage separation was a software glitch specific to the engine, not impacting the others.

    - **Last month, SpaceX performed a multi-day simulated catch-related test for Ship 42**, lifting the ship to a simulated catch position and rotating it back and forth, potentially confirming whether the mechanical "chopsticks" could hold the ship in a catch across various positions - per industry observers at NSF. *We are not aware of this test being performed on Ship 41 for Flight 14.*
    - To our knowledge, similar tests were performed for the booster in June 2024 before the first booster catch on Flight 5 (October 2024). While we don't expect a booster catch on Flight 15, the lack of a dedicated booster catch test is not necessarily an indicator that a booster catch won't occur.
- **Do not expect a booster catch.** Given the loss of 2 engines right before the booster splashdown on Flight 14, SpaceX has yet to complete a clean landing of the V3 Booster. We do not expect the company to take the risk until there has been a flawless booster splashdown on a future flight.

- **Recurring engine-out issues are key factor to watch. Could determine cadence ramp in 2027.** There have been three launches of the V3 Starship thus far, each flight suffered from engine-out issues ahead of the booster splashdown, and 2 of 3 (Flight 12 and 14) suffered from engine-out issues on the ship's vacuum engines. *Although SpaceX has shown progress:* for Flight 12, only 1/13 engines on the booster ignited during splashdown, Flight 13 had 8/13, and Flight 14 had 11/13. But clearly the issue is not flight-specific, and if SpaceX continues to have issues on Flight 15, it could continue to add

expendable test flights before SpaceX reuses V3 hardware.

- **What are other key milestones on future flights?**
  - **First Starship flight from Florida (starting with Kennedy Space Center LC-39A):** would be the third Starship launch pad (same # of pads as Falcon 9) and eventually enable additional orbital trajectories to higher orbits such as GTO, GEO, and planetary escapes (as due-east launches get a full boost from Earth's rotation). Launch hardware is installed and undergoing testing, earliest flight could be Flight 16. Note, SpaceX is also fitting the two pads at SLC-37 at Cape Canaveral for Starship flights, for an eventual 5 pads ex-Louisiana.
  - **First catch of both ship and booster on same flight:** allows SpaceX to shift focus to the last major hurdle, which is ramping reuse of Starship hardware.
  - **First reuse of V3 hardware:** Starship has reused a V2 booster (last gen) twice thus far. Ramping reuse cadence could be slower than investors expect as SpaceX perfects Starship propulsion & heatshield designs with ongoing iterations.

What to do with the stock?

- At the current roughly $160/share, we believe SpaceX stock prices in most or all of the Space & Connectivity opportunity ($127/share in our model), leaving just $33 for AI - equivalent to a ~3x 2028 EV/Sales (MSe) neocloud-type multiple for the AI business.
- Outside of the macro, in our view, SPCX stock testing $100 within the next 12 months would require a clear and obvious slowdown in AI progress (compute build or model development), a severe turn with Starship testing, or a material dilutive event. Consensus currently models 6 GW of year end compute for YE 2027 (vs. 5 GW MSe); we have yet to speak to an investor that has made a clear argument for closer to 10 GW, similar to Musk's comments on the 2Q earnings call (buyside mode feels to be ~4-6 GW) - we do not believe falling short of that 10 GW figure would be a negative shock.
- On the flip side, we believe future AI product releases, Starship progress, and additional neocloud contracts showing continued pricing around $30-50/watt are all upside-skewed catalysts that can push the stock closer to our $300/share price target.

Exhibit 1: Ship 42 Spotted Undergoing Catch Testing on Pad 2 Last Month



Source: NSF

Exhibit 2: CADENA Slide (as of Oct. 8th) with FAA Notice of Tentative Flight 15 and 16 Date

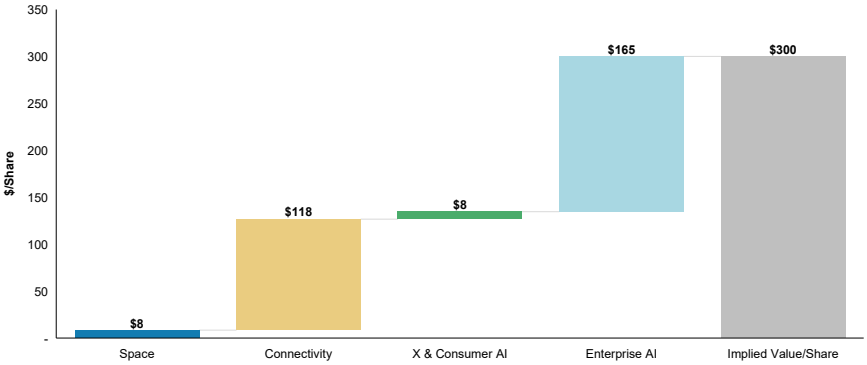


Source: CANSO, FAA

Exhibit 3: What's in the Price at $160/share? (Implied Multiples for Space + Connectivity and AI, i.e., "old" and "new" SpaceX)

AI EV / Sales (2028 MSe)	Space & Connectivity EV / EBITDA (2028 MSe) 5.0x	10.0x	20.0x	30.0x	40.0x	50.0x	60.0x	61.4x	71.4x
-3.0x	-19	-9	11	32	53	73	94	96	117
-2.0x	-9	1	22	42	63	83	104	107	127
0.0x	12	22	43	63	84	104	125	128	148
1.0x	22	32	53	74	94	115	135	138	158
1.5x	27	38	58	79	99	120	140	143	164
2.0x	33	43	63	84	104	125	145	148	169
3.0x	43	53	74	94	115	135	156	159	179
4.0x	53	64	84	105	125	146	166	169	190
5.0x	64	74	94	115	136	156	177	179	200
6.0x	74	84	105	125	146	166	187	190	210
7.0x	84	95	115	136	156	177	197	200	221
8.0x	95	105	126	146	167	187	208	211	231
10.0x	116	126	146	167	187	208	228	231	252
12.0x	136	147	167	188	208	229	249	252	273
14.0x	157	167	188	208	229	249	270	273	293
16.6x	184	194	215	235	256	276	297	300	320
18.0x	199	209	229	250	270	291	311	314	335
20.0x	219	230	250	271	291	312	332	335	356
22.0x	240	250	271	291	312	332	353	356	376

Exhibit 4: MSe Base Case SpaceX Sum of the Parts



Note: "Space" refers only to the external launch business (vast majority of launches used internally and captured in Connectivity or AI).

For Further Reading:

- SpaceX: Tera'Merica (7 Oct 2026)
- SpaceX: SpaceX and US Jobs (6 Oct 2026)
- SpaceX: Not Just SpaceX, What's in a Name? (5 Oct 2026)
- SpaceX: SPCX $159: Cheap and Getting Cheaper (4 Oct 2026)

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- SpaceX: Flight 14 Report Card: Starship Goes Operational, but with an Asterisk (29 Sep 2026)
- Rowdy Robot: I Barely Drive Anymore (28 Sep 2026)
- Robotics: RoboFest California Preview: Bots by the Bay (16 Sep 2026)
- SpaceX: Doom Hedging: SpaceX a Defensive AI Stock? (15 Sep 2026)
- SpaceX: Prometheus Shrugged (11 Sep 2026)
- SpaceX: Rockets on the Bayou: SpaceX's $100bn Louisiana Launch Complex (26 Aug 2026)
- SpaceX: Cursor Deep Dive: Can SpaceX Leap to the AI Frontier? (10 Aug 2026)
- SpaceX: AI's Final Frontier; Initiate at Overweight, PT $300 (7 Jul 2026)

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