Hardware & Networking

SpaceX 3Q26 Read-Through Reinforces AI Infrastructure Momentum and Should Temper Constraint Concerns

SpaceX (*covered by Doug Anmuth*) reported 3Q26 results and provided several updates on its data center buildout, offering an early read heading into 3Q26 earnings season against a backdrop of concerns around the magnitude and timing of the AI buildout given potential power and financing constraints. For 2026, SpaceX now expects 2.5-3GW of nameplate compute by year-end, up from 2GW+ guided in August; it ended 3Q at 1.7GW and expects nearly 2GW by the end of October. For 2027, management had previously framed cumulative compute of 5-10GW (closer to 10GW) by year-end and now expects at least 10GW of incremental compute, or ~13GW cumulative, with an upside scenario of 20GW of incremental power and cooling, which it said leaves a small possibility of 20GW+ of compute. SpaceX also guided to a meaningful sequential increase in capex to $35-$40 bn for 4Q, up from $19.6 bn in 3Q and $6.9 bn a year ago. Management reiterated that new compute deployments are generating a payback of less than a year at current pricing, now tracking slightly above the high end of the prior $30-50/W range, and did not rule out a six-month payback next year. Thus, as we take a step back, we expect SpaceX to be the first of many this earnings season to temper concerns around power and financing constraints and reinforce momentum around the AI buildout, which is positive not only for AI-levered names across the broader Hardware & Networking coverage universe, but also for those with direct exposure to the SpaceX buildout, such as Dell, Credo, and Super Micro.

IT Hardware/ Telecom & Networking Equipment

Joseph Cardoso [AC]
(1-212) 622-9036
joseph.cardoso@jpmchase.com

Manmohanpreet Singh
(1-212) 622-4527
manmohanpreet.singh@jpmchase.com

Marc Vitenzon
(1-212) 622-3342
marc.vitenzon@jpmchase.com
J.P. Morgan Securities LLC

See page 2 for analyst certification and important disclosures.

