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SpaceX | North America

What?

SPCX is undergoing a metamorphosis largely undetected by a stock market that still views the company as a neocloud with exo-atsmospheric chops. What is the market missing? What is Elon trying to accomplish? What does SpaceX become? What happens next?

> ***"If you ask the wrong question, the right answer is impossible."*** *- Elon Musk (in response to a question by Adam Jonas on Tesla's 1Q24 conference call)*

***In a recent SpaceX note,* we asked the question, "Why?"**

Today, we humbly ask the question, "What?"

The past 2 or 3 months have been rather quiet on the incoming front for our SpaceX Research team… the frequency of questions from clients has been surprisingly low. The few queries we have fielded were usually not about SpaceX at all - typically about how SpaceX would impact some adjacent industry like turbines, data centers or telcos. Following 3Q results and that analyst call, things appear to be changing. SpaceX interest is 'spooling up' once again - admittedly from a low level. I just wanted to share some painfully pithy, admittedly high-level thoughts that may approach the SpaceX story from a different angle than consensus.

- **What is SPCX stock? Proentropic.** Credit to Valor Equity Partners for this concept. We believe SPCX is one of those rare businesses whose value actually increases during chaotic and uncertain times.
- **What is the SPCX mission?** To convert energy **(e)** into intelligence **(i)** at scale through physical agents **(robots - r)** leveraging Earth-to-space infrastructure, accelerating economic growth, avoiding stasis.
- **What is MARS? M**anufacturing, **A**utonomy, **R**obots & **S**pace. What other companies have these four attributes under one roof? We encourage investors to think more about MARS. We're here if you want us to walk you through the framework.
- **What is the PIE? P**hysical **I**ntelligence **E**conomy. While much of the market's attention is on digital assistants that negotiate prices with online agents, summarize your emails and plan your next holiday… there are a few companies focused on moving atoms. Atoms matter (think about that). **You can't vibe code a drone or a humanoid or a surgical robot. These must be built. And those who build can eat the PIE.**
- **What is DVFS?** (Last acronym, promise). **D**imensionality (breadth), **V**erticality (depth), **F**lexibility (ability to pivot) and **S**peed (matching mission with ability to execute - this does not always mean 'fastest'… speed can kill). Do the companies in your portfolio or the people in your team have DVFS?

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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 20, 2026)	$147.79
52-Week Range	$225.64-104.83

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS ($)**	(1.69)	0.56	3.78	9.45
Prior EPS ($)**	-	-	-	-
P/E	NM	265.8	39.1	15.6
EPS ($)§	-	(0.03)	1.80	4.57
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	-	0.81
Q2	(0.34)	-	(0.09)a	-	0.81
Q3	(0.36)	-	0.35a	-	1.01
Q4	(0.80)	-	0.41	-	1.16

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.

- **What will SPCX investors NOT be talking about in a year?** Data centers (as we know them today) and the neocloud business. Just our view, but we see the neocloud build as more of a 'funding strategy' where SpaceX can exploit its comparative advantages in maximizing intelligence-per-watt-per-$-per-second relative to peers. Getting other people to pay for your own compute infrastructure that you will ultimately use to train your own robots sounds like a good idea.
- **What is the end game with SPCX/TSLA?** We think Elon and the SpaceX team explained this well enough last night. No need to elaborate here. But we think it's helpful to see Tesla (covered by Andrew Percoco) as a world-class manufacturer of leading-edge robots (cars, humanoids and more) with data collection from the physical world. Tesla FSD is widely seen as the world's largest physical SI deployment. The flywheel of data informing manufacturing and process knowledge in rapid and recursive loops is 'n of 1' in our view, while SpaceX brings the infrastructure/compute/connectivity layer that further accelerates the flywheel.
- **What is SPCX's impact on the economy/broader AI trade?** We expect developments in the weeks and months ahead to bring overdue attention to AI's ability to transform the physical world and how this next Industrial Revolution can potentially create millions or tens of millions of jobs in the US and globally. We agree with Elon that the Physical Intelligence Economy (PIE) is economically multiplicative - if not by an order of mag. We believe SPCX's ability to help improve the rather challenging PR image of the AI/SI trade is quite under-appreciated today.
- **What 'expressions' can investors consider on the MARS and PIE theme?** You can start with SPCX. There are also the Space "Picks & Shovels" players

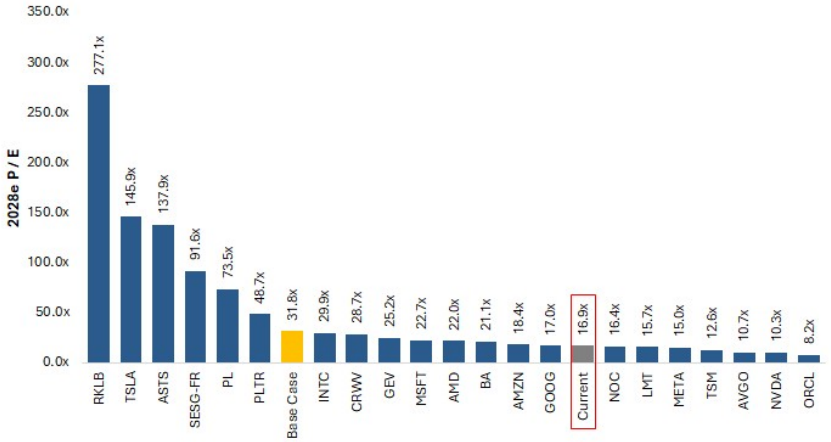
  call us to discuss.
- **What comes next for SPCX?** It won't be a straight line, but excitement is in the offing. They're going for a booster and ship catch for Flight 15 in early November. Hope to see you in S. Texas!

What to do with SPCX stock?

- **Flight 15 Ship + Booster Catch: One of the Most Significant Catalysts in SpaceX's 20+ Year History**. Flight 15, expected next month, is shaping up as SpaceX's biggest test of Starship reusability, derisking TAMs across the broader business. Management confirmed on the call that it will attempt to catch both the booster and the ship, and Musk said success is "more likely than not". We think investors have a unique opportunity to "revisit" SPCX ahead of the attempt, with fundamentals accelerating across all major business lines.
- **At our new 2028 EPS of $9.45 and the current price of $160, SPCX would trade at 16.9x P/E, cheaper than major AI comps including Microsoft, Google, and Amazon with 3.2x their median y/y revenue growth rate in FY28.**
- **Investors still value SpaceXSI as a standard neocloud, not a vertically-integrated, full-stack AI player**. At ~$160/share, we believe SpaceX stock

prices in most or all of the Space & Connectivity opportunity ($123/share in our model), leaving just $27 for AI – equivalent to a ~2x 2028 EV/Sales (MSe) neocloud-type multiple for the AI business. Our $300 price target for SPCX now implies a <10x Price/Sales multiple for AI from a mid-teens multiple before.

Exhibit 1: 2028 P/E: SPCX Looking Relatively Cheap on 2028 PE



Note: Base & current price on base case EPS, other companies on their consensus FY28 EPS.

Exhibit 2:

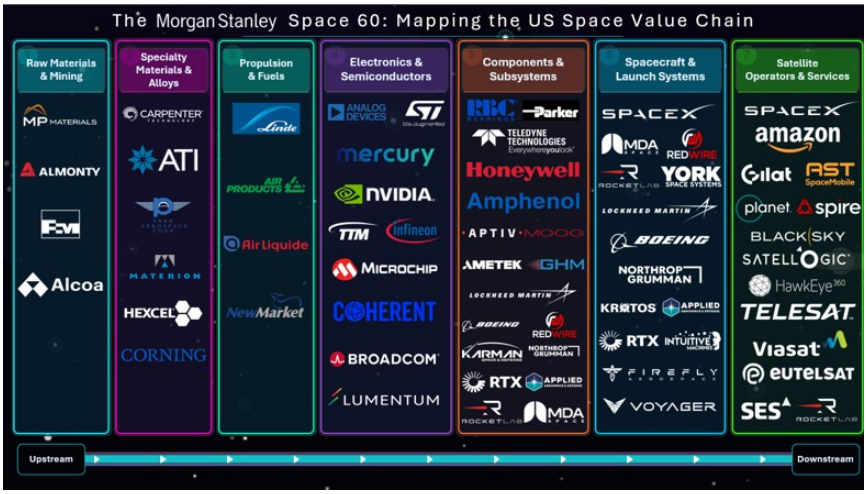


Exhibit 3:
Building the US Actuator Supply Chain



For Further Reading:

- SpaceX: 3Q Results: Next Stop... MARS (Manufacturing, Autonomy, Robots, Space) (21 Oct 2026)
- SpaceX: SPCX/TSLA Roadster: 8 Thoughts & Questions (16 Oct 2026)
- SpaceX: Why? (13 Oct 2026)
- SpaceX: Why Starship Flight 15 Really Matters (11 Oct 2026)
- SpaceX: Tera'Merica (7 Oct 2026)
- SpaceX: SpaceX and US Jobs (6 Oct 2026)
- SpaceX: SPCX $159: Cheap and Getting Cheaper (4 Oct 2026)
- SpaceX: Doom Hedging: SpaceX a Defensive AI Stock? (15 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 ($115), X & Grok ($11), Enterprise AI ($166)

2040 ending forecast period

9/30/2027 valuation date

11.3% WACC; 12.1% 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 0.33 EV/EBIT/Growth on 2028

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