BERNSTEIN
SOCIETE GENERALE GROUP

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Global Aerospace & Defense

Space Exploration Technologies Corporation

Rating

Outperform

Price Target

SPCX **268.00 USD** (248.00 *OLD*)

SpaceX: Update and raise target to $268 - Terrestrial AI build and enterprise broadband add to Orbital AI thesis; Outperform

We raise our SpaceX outlook primarily on terrestrial AI build plans. We believe the case for a multi-trillion dollar valuation rests on success of orbital data centers. But, the company's outlook for terrestrial AI is a material add to the overall revenue path. The Enterprise & Government Connectivity subsegment also appears to be outperforming. SpaceX now projects $500bn to $1tn in revenues exiting 2027. Our estimate is well below, with full 2028 at $424bn. But, that is an increase. And, as we have said, you do not need to go all the way to the company's plan to make SpaceX attractive. Elon talked of a possible Tesla merger and SpaceX is reportedly discussing a telco tower deal. We make no assumptions on either here.

We now assume a total of 13GW of terrestrial compute by the end of 2027 - 5GW above our prior estimate. Most importantly, the company stressed prices it is getting for compute capacity, suggesting that it is above the $30-50/watt level of recent deals. We have taken our pricing up, although not to that level. We we add capacity in 2028 up to 20GW. These additions come with capex, which we estimate at $35bn/GW. If the company achieves its pricing expectations, there could be more upside, both for terrestrial and orbital.

SpaceX plans first orbital data center launches in late 2027, with operations beginning mid-2028. Orbital data centers were not discussed on the call, Starship launches were. Flight 15 should be within a few weeks, with a plan to capture both booster and Starship. The company said the heat shield performed well on Flight 14, which could set up the first reuse of Starship on Flight 16. Reusability is key to making orbital data centers successful.

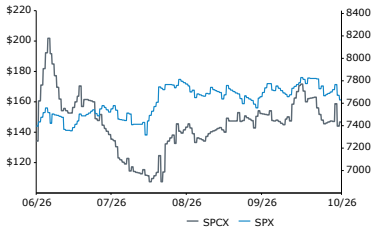
We update our model: **1)** Assume terrestrial AI compute capacity is 2.8GW at the end of 2026, 12.8GW at the end 2027, and 20.1GW at the end of 2028 and increase our AI capex assumptions, **2)** Raise our average price per watt for compute to $26 in 2027, before gradually declining thereafter. **3)** Lower our AI multiple to 17x from 21x as AI-oriented stocks have softened. **4)** Raise our capex assumptions to support growth in terrestrial AI capacity.

Close Date	23 Oct 2026
SPCX Close Price (USD)	147.49
Price Target (USD)	268.00
Upside/(Downside)	82%
52-Week Range	225.64/104.83
SPX	7,623.68
FYE	Dec
Div Yield	NA
Market Cap (USD) (B)	2,025.34
EV (USD) (B)	1,974.70

Performance	YTD	1M	6M	12M
Absolute (%)	NA	(0.6)	NA	NA
SPX (%)	11.4	(1.1)	7.2	13.1
Relative (%)	NA	0.5	NA	NA

Source: Bloomberg, Bernstein estimates and analysis.

Price Performance, 1YR



Investment Implications

We rate SPCX Outperform and raise our target to $268 (from $248) primarily on higher AI revenues (pricing and terrestrial capacity), partially offset by a lower AI multiple, as AI companies in general have seen multiple contraction.

Adjusted EPS	F25A	F26E	F27E
SPCX (USD)	--	**(0.01)**	**1.44**
OLD	--	(0.19)	1.37

Financials	F25A	F26E	F27E	CAGR
Revenues (M)	18,674	54,468	241,887	--
Adjusted EBITDA	6,584.0	27,094.0	136,266.0	--

Valuation Metrics	F25A	F26E	F27E
Adjusted P/E (x)		N/M	102.2
EV/Adj EBITDA (x)	299.9	72.9	14.5

Source: Bloomberg, Bernstein estimates and analysis.

See the Disclosure Appendix of this report for required disclosures, analyst certifications and other important information. Alternatively, visit our Global Research Disclosure Website.
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DETAILS

We raise our 2026 and 2027 adj EPS to -$0.01 and $1.44 from -$0.19 and $1.37 primarily driven by higher terrestrial compute capacity and better $/watt economics. For deeper background on SpaceX, see our initiation report: "*Space Exploration Technologies Corporation: Doing Time in the Universal Mind - Initiate at Outperform; Target Price $239*"

RAISING THE OUTLOOK

At Q3 earnings, the company described a significantly stronger revenue growth outlook. An annual revenue run rate of at least $100bn is expected by year-end, but with now a run rate of $500bn-$1,000 expected by end of 2027 - mostly driven by terrestrial compute. The company now expects to be at 2.5-3GW by the end of 2026. By the end of 2027, capacity is expected to be at least 13GW (and possibly a total 23GW). The company said pricing is now tracking above the $30-$50/watt range given by Musk at Q2. Short term compute contracts will remain the focus to take advantage of rising demand.

Prior to this earnings report, we modeled 2031 revenues of $655bn, well below the company's prior 2031 revenue estimate - and if SpaceX can even achieve our prior numbers, there is already huge upside. We have raised our revenue and earnings outlook, with the addition of more terrestrial capacity and higher compute pricing. This takes our 2031 revenues up to $784bn. Our target price increase to $268 (from $248) to reflects this terrestrial compute capacity increase, but partially offset by increased capex and lower valuations for AI comparables. Valuations of AI-oriented stocks have fallen over the last two months, which also lowers the upside in our valuation methodology for the AI segment. We also increased modestly increased our outlook for Enterprise & Government Connectivity. Lastly, we raised our Space segment discount rate from 10% to 15% to reflect increased uncertainty represented by this essential part of the business.

STRONG Q3 WITH AMBITIOUS PLAN FOR TERRESTRIAL

Q3 results were positive, although it is the longer-term outlook that matters. SpaceX reported Q3 diluted EPS of $0.35, significantly ahead of consensus $0.15. Revenue reached $14.58bn, exceeding consensus of $12.88bn. Segment operating income was $2.79bn, well above consensus $1.21bn, driven by smaller-than-expected losses in the Space segment, positive AI operating income and stronger Connectivity margins of 45%, compared to consensus 38% (Exhibit 1). AI Capex of $16.44bn slightly below consensus $16.90bn.

EXHIBIT 1: **Segment results**

Segments	Revenues ($m)			Margins (%)				Capex ($m)	
	Reported	Bernstein	Year ago	Reported	Bernstein	Last Q	Year ago	Reported	Year ago
Space	1,767	1,538	1,666	-0.4%	-20.8%	-56.3%	15.5%	1,606	946
Connectivty	5,248	4,517	3,096	45.1%	39.5%	38.6%	38.4%	1,543	1,130
AI	7,560	6,713	814	5.7%	1.3%	-49.1%	-211.3%	16,444	749
Total	**14,575**	**12,768**	**5,576**	**19.1%**	**12.2%**	**-1.8%**	**-4.9%**	19,593	2,825

Source: Company reports, Bernstein analysis and estimates

OUTLOOK

BY THE SEGMENT - HEADING TOWARD INFLECTIONS

Space - Starship is the linchpin and it appears to be going well

We continue to see full reusability of Starship as the most important factor for SpaceX long-term growth. SpaceX has demonstrated reuse of the Starship V2 booster and has expressed confidence in the ability to reuse the V3 booster. The more challenging step in full Starship reuse has been the second stage. This year, SpaceX hopes to have the first fully reusable orbital flight next (Launch 15). SpaceX will try to catch both first and second stage on this flight.

The company said that its goal is to be performing one launch per week by the end of 1H27 and twice a week by end of 2027. At that point, SpaceX plans to have five operating launch pads (2 in Texas and 3 in Florida). If production of Starship second stages can be performed at least at one every two weeks with reasonable reuse frequency, the planned launch cadence would be feasible. We have not assumed, however, that the company progresses that rapidly. Besides, SpaceX aims to re-fly a Starship

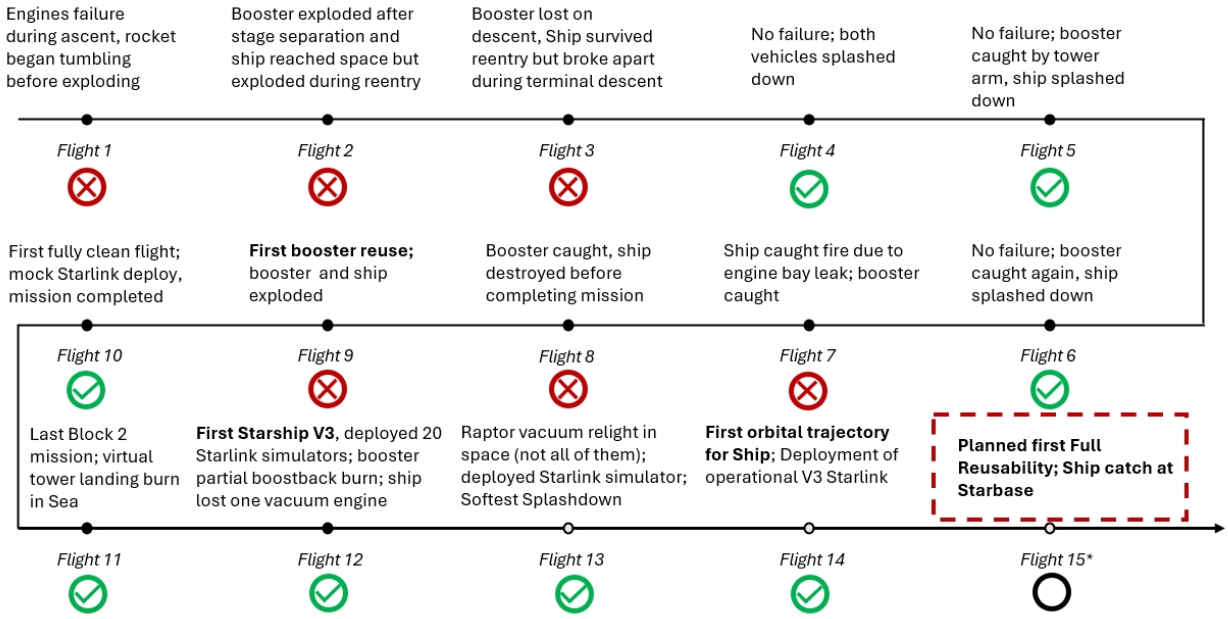
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second stage by early 2027 and to attempt an on-orbit refuelling early that year. It also plans to start flying Starlink Mobile V2 satellites on Starship in 2027. The first orbital data center launch is targeted at the end of 2027.

Musk said SpaceX's internal goal is a first Starship launch from Louisiana (SpaceX next Starship launch site) in 2028. He called 2029 "highly likely" and expects the site to be launching at scale by then. He added that the Louisiana spaceport could eventually host 20 or more launch pads.

Regarding operational metrics, within Space, the company launched 35 spacecraft during Q3, including 12 for 3rd parties and 23 deployed internally. The MTO was 476 metric tons. Segment revenue of $1.77bn beat consensus estimate of $1.43bn. Operating loss of -$7m also beat consensus of -$323m. Space capex of $1,606m came in above consensus of $1,519m. The history and plan for Starship launches is shown in Exhibit 2. Flight 15 is targeting a catch of both stages, which Elon described as at better than a 50% chance of success. Assuming that launch is successful, Flight 16 would be targeted for the first full reuse. A key part will be the performance of the heat shield on the second stage. The good news here is that the heat shield appeared to have performed well on Flight 14.

EXHIBIT 2: **Starship's launch schedule**



*Flights which have not happened yet
Source: Company reports, Bernstein analysis

Connectivity - Strong E&G momentum with mobile roadmap taking shape

Connectivity is the only segment generating cash at this stage and its operating margin of 45% beat margin estimates of 38%. Because this business becomes heavily about leveraging an inherently global constellation, there should be strong opportunities to expand margins and/or profitably add subscribers in lower income geographies at lower rates with negligible added cost. Revenue of $5.25bn was well above consensus of $4.86bn. On Starlink overall, management reiterated its core message that a significant capacity and performance step-up is expected with the deployment of V3 satellites. Besides, the production of V5 kits has started, easing inventory constraints. Our outlook for Connectivity is shown in Exhibit 3.

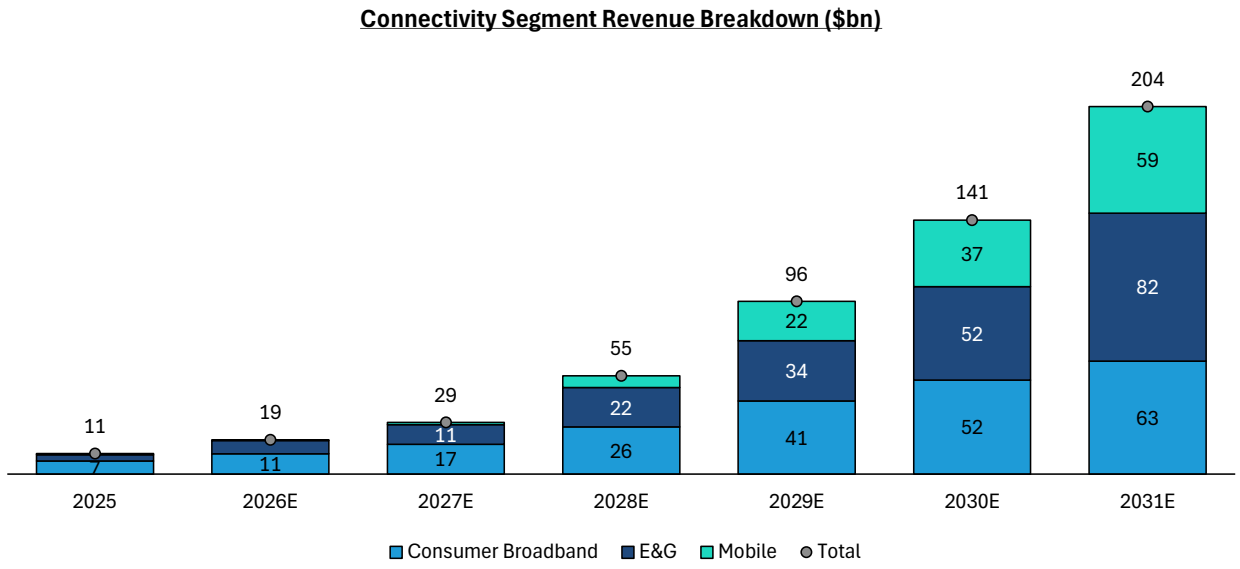
Starlink consumer broadband sequentially gained 1.6m consumer subscribers vs 2Q26 to reach 13.6mn subscribers in Q3. Sequential subscriber growth slowed to 13% from 17% in the prior quarter, which makes reaching the company's prior goal of 17m subscribers look unlikely. The ARPU was sequentially improved, reaching $69, benefiting from favorable subscriber mix. The key takeaway, in our view, is that Starlink's economics are improving faster than its consumer subscriber base. We slightly lower our Consumer Broadband revenue driven by a slower ramp up in subscribers than expected, albeit mostly compensated by a maintained ARPU

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The company highlighted the growing importance of Enterprise & Government, with revenues up 91% in the quarter, noting that these segments should ultimately rival or surpass the consumer business in revenue contribution. Management also pointed to continued momentum in aviation, with ~12,000 aircraft under contracts (almost a quarter of the available fleet). We count deals signed on at least 46 airlines worldwide, including four of the five largest US carriers (Delta the exception). We increase our E&G outlook through 2026 as a result of a high penetration rate at airlines but also increased commercial traction for maritime and other areas.

The company emphasized its commitment to the Mobile business, where we have been most skeptical. Comments on the earnings call continued to indicate SpaceX's desire to build out a broad-based mobile business in the US, which could include building its own terrestrial network. These comments follow the company's recent acquisition of Grain spectrum and regulatory approval to launch 15,000 V2 mobile satellites. Even though, there is still a long way to go, with potential participation in next year's Upper C-band auction, SpaceX appears to be aggressively moving forward. On Thursday last week, it was widely reported that SpaceX was in discussions regarding a deal for access to 80,000 of Crown & Castle's towers. Should SpaceX strike such a deal, it would show full commitment to becoming essentially a fourth mobile network operator in the US. We expect that such a move (including additional spectrum buys) would cost SpaceX more than $100bn over a six to eight year period. e see: *SpaceX in Talks for an 80K Tower Deal - A Potential Point of No Return and Implications for US Telcos*). We continue to see an MVNO deal with one of the big three telcos as the best path. But, that will require one of the three to break and do a deal with SpaceX (for more detail, see "*SpaceX: Potential for MVNO D2D growth? Continuing our assessment of SpaceX Connectivity business and telco impact*"). The threat from a SpaceX terrestrial network could trigger such a deal. We remain well below the company's plan for the Mobile business until we see a more concrete path to build that business.

EXHIBIT 3: **Connectivity revenue estimates**



Source: Company reports, Bernstein analysis and estimates

AI - Increased terrestrial capacity with a better $/watt

High pricing and more capacity. SpaceX AI segment generated $7.56bn of revenue, c.20% above consensus. This was driven primarily by a faster capacity ramp of terrestrial compute and an high $/watt. The operating income of $431m was above consensus of -$14m, essentially driven by the higher $/watt pricing that SpaceX achieved. AI Capex came in at $16.44bn. For its AI segment, SPCX reported 1.7GW of nameplate compute capacity. That compute capacity is expected to be in the range of 2.5-3 GW by year-end. Some investors remain concerned that SpaceX's capex over the next two years will build capacity ahead of demand. However, these strong results and the company's upgraded compute guidance should ease those concerns and reinforce its case for continued investment. The justification for this investment is linked to the pricing the company is seeing on short-term contracts for compute capacity. This started with deals with Google and others at $30-$50 per watt. The view at SpaceX is that short-term deals are best because they see pricing going higher, with evidence from negotiations the companies are having with new customers today. In these negotiations, management indicated pricing above that $30-50 level.

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Accelerated AI buildout driving meaningful revenue growth, but also materially higher capex. The company guided to Q4 capex of $35-$40B, well above consensus (~$22B), reflecting an accelerated AI infrastructure buildout. Looking further out, management now expects "almost certainly" an incremental 10GW of compute capacity by the end of 2027, with a "non-zero probability" of reaching 20GW. Elon Musk indicated that the company's objective is to have sufficient power, cooling, and supporting infrastructure in place to enable 20GW of capacity by year-end 2027, highlighting infrastructure availability as the primary bottleneck to scaling. While management aims to maintain excess infrastructure capacity relative to immediate deployment needs, it continues to view a 20GW outcome as “not impossible”.

Substantial capex ahead. Despite the substantial increase in investment, management emphasized that demand remains exceptionally strong, with current payback periods below one year and potentially falling to six months next year. This investment ramp underpins Q1 revenue guidance of $33B-$37B (midpoint $35B), well ahead of consensus estimates of roughly $23B. Elon further suggested a potential 2027 revenue exit rate (December annualized) of $500B-$1T, driven by higher installed capacity and sustained revenue per GW. For reference, current consensus estimates FY29 SpaceX revenue at approximately $290B. On the orbital AI front, the company indicated there has been no material change to its pre-IPO roadmap (not planned to be operational before mid-2028).

Terafab coming, aggressive targets. While acknowledging that the company is just beginning to figure out chip fabrication, Elon outlined targets for the ramp, with first test chips targeted in 2027 and volume production by Q328. He at least admitted freely that these are very aggressive targets (we agree), but his Terafab aspirations appear genuinely real if not in concrete just yet.

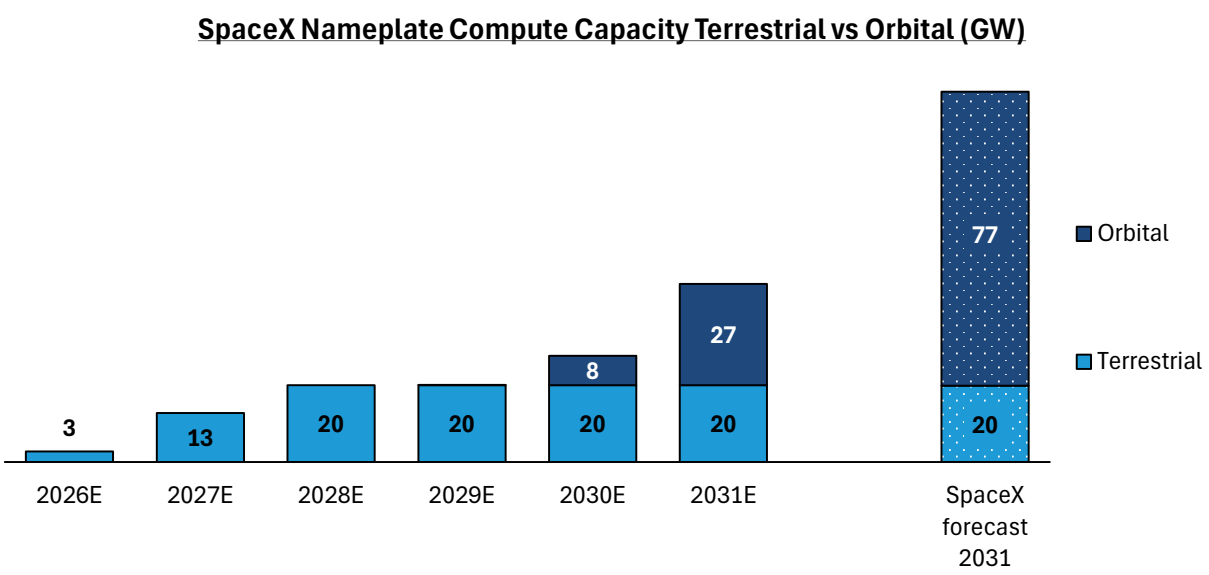
Power build and turbine blade plans. As Elon has previously said, the bottleneck in producing industrial gas turbine power for a 20GW AI buildout is turbine blades, which come primarily from three major suppliers (Howmet, PCC, CPP). Starting from the capabilities SpaceX internally has to make castings used in rocket motors, the company believes it can produce blades for industrial gas turbines (IGT). But, the blades used in rocket motors are not for turbines, but for pumps that drive propellant into the motor. It is not clear to us how easily that capability will transfer to IGT blades. In any case, our understand is that the company will not be producing any castings that could be used in IGTs before 2028. This means that these casting would make no contribution to the power ramp in 2027. Nevertheless, our discussions have indicated that SpaceX has been aggressively working to capture IGT capacity from suppliers worldwide.

We have revised upward our terrestrial AI buildout assumptions from 2026 onward. We now forecast installed capacity of 2.8 GW by year-end 2026, rising to 12.8 GW by year-end 2027 and 20.1 GW by year-end 2028. Thereafter, we expect capacity expansion to be driven exclusively by orbital deployments (Exhibit 4). As a result, we increase our capex build out in line with the deployed terrestrial capacity (Exhibit 5). We assume $35bn/per additional GW deployed. We expect capex to peak in 2031, driven by rising maintenance requirements for the expanded terrestrial compute capacity and investment in orbital data center development.

Our AI revenue forecasts are driven by two primary factors: compute capacity (GW) and pricing ($/W). Alongside our higher capacity assumptions, we have increased our pricing estimates, reflecting our view that the company is well positioned to capture premium contract rates in the near to medium term. Assuming the persistent scarcity of AI compute supply relative to demand as discussed above, we expect management to maintain strong pricing discipline and achieve higher $/W than previously assumed. As a result, we significantly increase our $/W assumptions for Compute & Intelligence. But, our forecast for pricing is well below what the company is describing. So, there may be upside to our numbers if the company can continue to realize the pricing it has achieved or if Grok becomes much more successful. Nevertheless, we continue to assume pricing will decline gradually over time as supply catches up with demand (Exhibit 7). But, that supply/demand balance for compute over the medium to long-term is a source of ongoing debate.

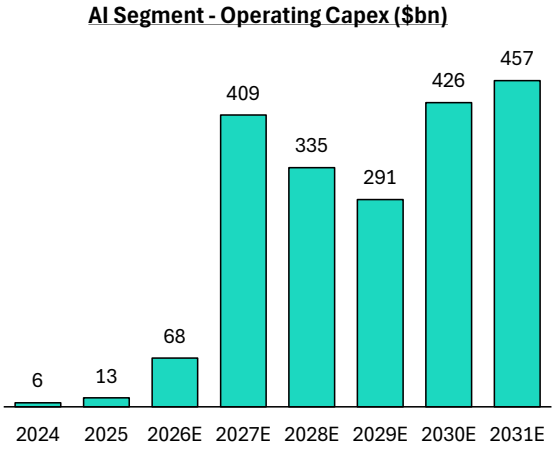
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EXHIBIT 4: **We increase our buildout for terrestrial compute**



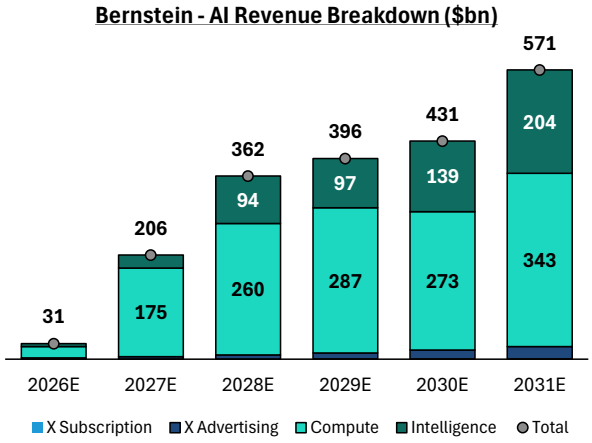
Source: Company reports, Bernstein analysis and estimates

EXHIBIT 5: **We increase our capex outlook in line with our new terrestrial build-out**



Source: Company reports, Bernstein analysis and estimates

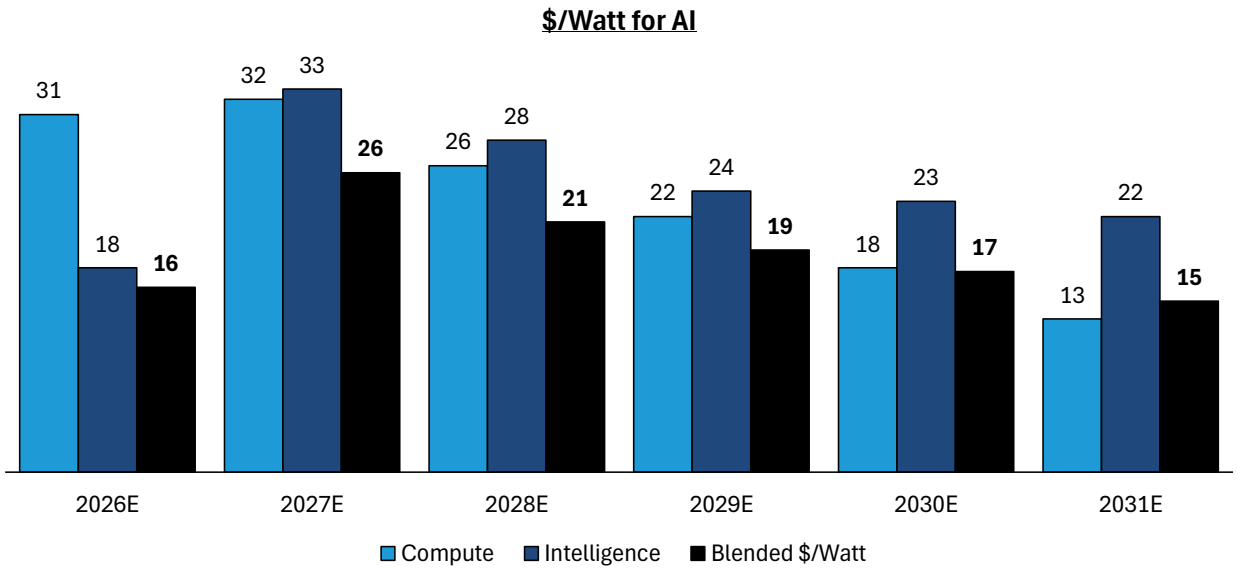
EXHIBIT 6: **Due to increased capcity and increased $/watt our revenue outlook for AI is increased**



Source: Company reports, Bernstein analysis and estimates

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EXHIBIT 7: **$/Watt revenue across compute and intelligence capacity**



Source: Bernstein analysis and estimates

VALUATION: WE INCREASE OUR PT TO $268

We use a sum-of-the-parts approach, with AI most important. Our approach is as follows:

- ***Valuation based on 2031 EBITDA***. It is necessary to apply a multiple on outer years because that is when the most important business (orbital data center compute) is material. If one uses an earlier year (e.g., 2028) it would be applying a multiple to a business that has little to do with the ultimate source of growth.
- ***AI is the dominant source of value***. We project AI to deliver $571bn in revenues in 2031, with EBITDA of $477bn (Exhibit 8).
- ***Multiple for AI business in 2031.*** We use a basket of AI-proximate stocks (e.g., NVDA, AVGO, ASML, CRWV) with a median forward EV/EBITDA multiple of 17X (Exhibit 9). The multiple has declined in recent months, given the sector's high volatility. For Connectivity, there are no good comparables - i.e., you cannot use satellite communications companies like AST Space or network operators like Verizon or T-Mobile. We apply an above S&P forward EV/EBITDA multiple of 15X. Space is small, given limited growth in third-party revenues. We apply a current Aerospace & Defense forward EV/EBITDA multiple of 13X.
- ***Late stage venture discount rates.*** We use a high end late stage venture discount rate of 35% for AI. We go to the low end for Connectivity of 25% and increase our discount rate for Space to 15% (from 10%) to reflect the rise in market-wide costs of equity.

EXHIBIT 8: **We increase our PT to $268**

	12m forward EV/EBITDA	2031 EBITDA	SOP valuation	Discount rates	Discounted valuation
AI	17	476,756	7,961,829	35.0%	**3,078,146**
Connectivity	15	113,772	1,683,823	25.0%	**830,644**
Space	13	4,556	59,224	15.0%	**38,044**
				Total	**3,501,936**
				Target price	**268**

Source: Bernstein analysis and estimates

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EXHIBIT 9: **We use the median of our AI-basket composed of 12 companies**

Peers	EV/EBITDA 12m trailing	EV/EBITDA 12m forward
NVDA	24.9	14.1
Broadcom	30.5	15.4
Lam Research	28.0	17.9
AMD	87.7	38.6
Coreweave	15.7	7.7
IREN	#N/A	20.4
Meta	16.0	12.1
Alphabet	21.5	15.4
Qualcomm	16.5	12.3
ASML	33.0	20.3
Applied Materials	30.8	21.3
Marvel	71.5	33.7
Median	**25**	**17**
Average	**33**	**19**

Source: Bloomberg, Bernstein analysis

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APPENDIX - FINANCIAL FORECASTS

EXHIBIT 10: **Space X Annual Income Statement**

SpaceX Annual Income Statement ($m)								
Fiscal Year Ending December 31	**2024**	**2025**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**
Space	3,796	4,086	4,794	7,560	7,513	7,224	7,930	9,167
Connectivty	7,599	11,387	18,971	28,743	54,581	95,878	141,088	204,161
AI	2,620	3,201	30,703	205,584	361,654	396,314	430,855	571,167
Total Revenues	**$ 14,015**	**$ 18,674**	**$ 54,468**	**$ 241,887**	**$ 423,748**	**$ 499,417**	**$ 579,872**	**$ 784,495**
Cost of revenue	(7,996)	(9,451)	(19,532)	(71,432)	(127,260)	(143,071)	(148,088)	(204,668)
Research & Development	(3,464)	(8,643)	(27,439)	(117,018)	(87,563)	(103,225)	(106,847)	(141,192)
Selling, General, and administrative	(1,813)	(2,644)	(4,938)	(13,971)	(21,904)	(24,240)	(27,373)	(33,642)
Restructuring charges	(213)	(487)	6	-	-	-	-	-
Impairment	(63)	(38)	-	-	-	-	-	-
Total cost and expenses	**-13,549**	**-21,263**	**-51,903**	**-202,421**	**-236,727**	**-270,537**	**-282,307**	**-379,501**
Space	21	(657)	(2,047)	1,262	896	236	503	874
Connectivty	2,006	4,423	7,494	12,446	25,304	45,000	67,347	101,449
AI	(1,561)	(6,355)	(2,881)	25,757	160,821	183,644	229,715	302,671
Operating income	**$ 466**	**$ (2,589)**	**$ 2,565**	**$ 39,466**	**$ 187,021**	**$ 228,880**	**$ 297,565**	**$ 404,993**
Interest income (expense)	(1,209)	(1,453)	(2,110)	(21,360)	(19,535)	(21,135)	(16,451)	(15,851)
Other income (expense), net	985	-177	-937	0	0	0	0	0
Income (loss) before income taxes	**$ 242**	**$ (4,219)**	**$ (482)**	**$ 18,105**	**$ 167,486**	**$ 207,745**	**$ 281,114**	**$ 389,142**
Provisions for (benefit from) income taxes	549	(718)	308	(99)	14,202	(2,414)	(4,828)	(39,563)
Net income	**$ 791**	**$ (4,937)**	**$ (174)**	**$ 18,006**	**$ 181,688**	**$ 205,331**	**$ 276,285**	**$ 349,579**
Shares outstanding (mn)								
Basic			11,942	11,942	11,942	11,942	11,942	11,942
Diluted			12,475	12,475	12,475	12,475	12,475	12,475
EPS ($)								
Basic EPS			**-0.01**	**1.51**	**15.21**	**17.19**	**23.14**	**29.27**
Diluted EPS			**-0.01**	**1.44**	**14.56**	**16.46**	**22.15**	**28.02**
Adjusted EBITDA	**$ 5,350**	**$ 6,584**	**$ 27,094**	**$ 136,266**	**$ 302,863**	**$ 362,022**	**$ 443,516**	**$ 595,084**
Space	*1,154*	*653*	*-593*	*2,817*	*3,122*	*2,939*	*3,768*	*4,556*
Connectivity	*3,849*	*7,168*	*12,381*	*17,681*	*31,781*	*54,166*	*78,254*	*113,772*
AI	*347*	*-1,237*	*13,652*	*115,767*	*267,960*	*304,917*	*361,494*	*476,756*

Source: Company reports, Bernstein analysis and estimates

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EXHIBIT 11: **SpaceX Quarterly Income Statement**

SpaceX Quarterly Income Statement ($m)											
Fiscal Year Ending December 31	**2024**					**2025**					**2026E**
	12 mo	**Q1**	**Q2**	**Q3**	**Q4**	**12 mo**	**Q1**	**Q2**	**Q3**	**Q4**	**12 mo**
Space	3,796	865	746	1,666	809	4,086	619	962	1,767	1,446	4,794
Connectivty	7,599	2,475	2,588	3,096	3,228	11,387	3,257	4,291	5,248	6,175	18,971
AI	2,620	727	737	814	923	3,201	818	2,561	7,560	19,764	30,703
Total Revenues	**$ 14,015**	**$ 4,067**	**$ 4,071**	**$ 5,576**	**$ 4,960**	**$ 18,674**	**$ 4,694**	**$ 7,814**	**$ 14,575**	**$ 27,385**	**$ 54,468**
Cost of revenue	(7,996)	(1,962)	(2,282)	(2,706)	(2,501)	(9,451)	(2,388)	(3,495)	(5,478)	(8,171)	(19,532)
Research & Development	(3,464)	(1,557)	(1,958)	(2,291)	(2,837)	(8,643)	(3,514)	(3,548)	(4,596)	(15,781)	(27,439)
Selling, General, and administrative	(1,813)	(493)	(606)	(575)	(970)	(2,644)	(746)	(912)	(1,707)	(1,573)	(4,938)
Restructuring charges	(213)	(4)	(189)	(278)	(16)	(487)	11	(2)	(3)	-	6
Impairment	(63)	(24)	(6)	1	(9)	(38)	-	-	-	-	-
Total cost and expenses	**-13,549**	**-4,040**	**-5,041**	**-5,849**	**-6,333**	**-21,263**	**-6,637**	**-7,957**	**-11,784**	**-25,525**	**-51,903**
Space	21	-70	-370	258	-475	-657	-662	-542	-7	-836.038	-2047.038
Connectivty	2006	1033	924	1189	1277	4423	1188	1656	2367	2282.5971	7493.5971
AI	(1,561)	(936)	(1,524)	(1,720)	(2,175)	(6,355)	(2,469)	(1,257)	431	414	(2,881)
Operating income (loss) from operations	**$ 466**	**$ 27**	**$ (970)**	**$ (273)**	**$ (1,373)**	**$ (2,589)**	**$ (1,943)**	**$ (143)**	**$ 2,791**	**$ 1,860**	**$ 2,565**
Interest income (expense)	(1,209)	(330)	(312)	(359)	(452)	(1,453)	(451)	(289)	198	(1,568)	(2,110)
Other income (expense), net	985	(211)	413	140	(519)	(177)	(1,876)	(86)	1,025	-	(937)
Income (loss) before income taxes	**$ 242**	**$ (514)**	**$ (869)**	**$ (492)**	**$ (2,344)**	**$ (4,219)**	**$ (4,270)**	**$ (518)**	**$ 4,014**	**$ 292**	**$ (482)**
Provisions for (benefit from) income taxes	549	(14)	(138)	(562)	(4)	(718)	(6)	(23)	390	(53)	308
Net income	**$ 791**	**$ (528)**	**$ (1,007)**	**$ (1,054)**	**$ (2,348)**	**$ (4,937)**	**$ (4,276)**	**$ (541)**	**$ 4,404**	**$ 239**	**$ (174)**
Shares outstanding (mn)											
Basic							4,496	5,864	11,942	11,942	11,942
Diluted							5,068	5,864	12,475	12,475	12,475
EPS ($)											
Basic EPS							-$0.95	-$0.09	$0.37	$0.02	-$0.01
Diluted EPS							-$0.84	-$0.09	$0.35	$0.02	-$0.01
Adjusted EBITDA	**5,350**	**1,730**	**1,212**	**2,168**	**1,474**	**6,584**	**1,127**	**3,538**	**8,801**	**13,628**	**27,094**
Space	1,154	224	-94	672	-149	653	-351	-205	357	-394	-593
Connectivity	3,849	1,618	1,583	1,921	2,046	7,168	2,087	2,597	3,499	4,198	12,381
AI	347	-112	-277	-425	-423	-1,237	-609	1,146	4,953	9,825	13,652

Source: Company reports, Bernstein analysis and estimates

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EXHIBIT 12: **SpaceX Annual Balance Sheet**

SpaceX Annual Balance Sheet ($m)								
Fiscal Year Ending December 31	**2024**	**2025**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**
Cash and cash equivalents	11,385	24,747	47,937	114,891	113,080	145,316	104,873	83,473
Marketable securities	800	0	38,561	38,561	38,561	38,561	38,561	38,561
Account receivables (net allowance credit loss)	1,052	1,579	4,626	13,254	30,997	41,458	49,885	48,574
Inventory	2,003	2,416	4,939	11,468	8,926	6,703	5,640	4,374
Prepaid expenses and other current assets	868	2,210	2,993	6,490	5,344	4,586	4,166	3,327
Total current assets	**16,108**	**30,952**	**99,056**	**184,664**	**196,908**	**236,624**	**203,124**	**178,309**
Property, plant, and equipment, net	21,147	42,602	110,163	459,908	714,257	920,078	1,260,948	1,598,316
Finance lease right-of-use assets	1,686	1,260	892	892	0	0	0	0
Intangible assets, net	2,211	1,548	1,548	1,548	1,548	1,548	1,548	1,548
Digital assets	1,749	1,637	1,637	1,637	1,637	1,637	1,637	1,637
Goodwill	11,129	11,809	38,850	38,851	38,851	38,850	38,850	38,851
Other assets	2,336	2,130	23,621	15,648	1,836	9,700	17,685	25,737
Total non current assets	**40,258**	**60,986**	**176,711**	**518,484**	**758,129**	**971,813**	**1,320,668**	**1,666,089**
Total assets	**56,366**	**91,938**	**275,767**	**703,148**	**955,037**	**1,208,437**	**1,523,793**	**1,844,398**
Accounts payable	4,413	11,792	9,349	28,436	34,029	40,570	44,994	47,298
Deferred revenue, current	10,179	12,116	31,809	69,180	53,647	47,944	54,508	36,479
Accrued expenses and other liabilities	1,508	2,569	9,726	20,157	15,080	13,143	12,056	9,638
Total current liabilities	**16,100**	**26,477**	**50,885**	**117,773**	**102,756**	**101,656**	**111,558**	**93,414**
Debt	12,262	21,659	38,371	388,371	488,371	528,371	548,371	528,371
Finance Lease Liabilities	1,531	1,237	826	393	0	0	0	0
Deferred Tax Liability / (Asset)	-725	-113	6,801	84	-14,305	-5,136	4,032	13,201
Other Long-Term Liabilities	1,394	1,353	1,657	1,293	1,293	1,293	1,293	1,293
Total non-current liabilities	**14,462**	**24,136**	**47,655**	**390,141**	**475,359**	**524,528**	**553,696**	**542,865**
Total liabilities	**30,562**	**50,613**	**98,539**	**507,913**	**578,115**	**626,184**	**665,254**	**636,279**
Convertible Preferred Stock	20,941	38,752	0	0	0	0	0	0
Additional Paid-in Capital	35,868	37,710	212,539	212,539	212,539	212,539	212,539	212,539
Retained Earnings	-31,005	-35,137	-35,311	-17,305	164,383	369,714	646,000	995,579
Total shareholders' equity	**25,804**	**41,325**	**177,228**	**195,234**	**376,922**	**582,253**	**858,539**	**1,208,118**
Total liabilities and equity	**56,366**	**91,938**	**275,767**	**703,147**	**955,037**	**1,208,437**	**1,523,793**	**1,844,397**
Total Debt	**13,793**	**22,896**	**39,197**	**388,764**	**488,371**	**528,371**	**548,371**	**528,371**
Net debt	**2,408**	**-1,851**	**-8,740**	**273,873**	**375,291**	**383,055**	**443,498**	**444,898**

Source: Company reports, Bernstein analysis and estimates

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EXHIBIT 13: **SpaceX Annual Cash Flow**

SpaceX Annual Cash Flow ($m)								
Fiscal Year Ending December 31	**2024**	**2025**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**
Net income (loss)	791	(4,937)	(174)	18,006	181,688	205,331	276,285	349,579
Depreciation & Amortization	3,824	6,701	20,004	93,516	112,063	128,953	141,304	185,014
Stock Based Compensation	784	1,947	4,531	3,284	3,779	4,189	4,647	5,077
Impairment & Other Charges	63	38	-	-	-	-	-	-
Non-Cash Interest Income and Other	(1,359)	947	59	(703)	(1,031)	(330)	(1,340)	(1,179)
Accounts Receivable	(347)	(543)	(3,047)	(8,628)	(17,743)	(10,461)	(8,426)	1,311
Inventory	(309)	(413)	(2,523)	(6,529)	2,543	2,223	1,063	1,266
Prepaid Expenses & Other	(328)	(673)	(783)	(3,497)	1,146	758	420	839
Accounts Payable	472	709	(2,443)	19,087	5,593	6,541	4,425	2,303
Deferred Revenue	1,876	1,929	19,693	37,370	(15,533)	(5,703)	6,564	(18,029)
Other Liabilities	309	1,080	7,157	10,431	(5,077)	(1,937)	(1,087)	(2,418)
Net cash provided by operating activities	**$ 5,776**	**$ 6,785**	**$ 42,474**	**$ 162,337**	**$ 267,428**	**$ 329,563**	**$ 423,855**	**$ 523,763**
Purchase of PPE	(11,163)	(20,619)	(87,565)	(443,261)	(366,413)	(334,773)	(482,175)	(522,381)
Other investing activities, net	367	1,044	(36,542)	-	-	-	-	-
Net cash used in investing activities	**$ (10,796)**	**$ (19,575)**	**$ (124,107)**	**$ (443,261)**	**$ (366,413)**	**$ (334,773)**	**$ (482,175)**	**$ (522,381)**
Debt Issuance / (Paydown)	(77)	9,131	16,712	350,000	100,000	40,000	20,000	(20,000)
Finance Lease Payments	(154)	(295)	(373)	(470)	(393)	-	-	-
Equity Issuance / (Repurchases) **	12,061	17,514	88,905	(1,653)	(2,432)	(2,553)	(2,123)	(2,781)
Net cash provided by financing activities	**$ 11,830**	**$ 26,350**	**$ 105,244**	**$ 347,877**	**$ 97,174**	**$ 37,447**	**$ 17,877**	**$ (22,781)**
Effect of exchange rate changes on cash and cash equivalents	1	63	(43)	-	-	-	-	-
Net change in cash and cash equivalents and restricted cash	**$ 6,811**	**$ 13,623**	**$ 23,569**	**$ 66,954**	**$ (1,811)**	**$ 32,236**	**$ (40,443)**	**$ (21,400)**
Cash and cash equivalents and restricted cash, beginning year	**$ 4,690**	**$ 11,501**	**$ 25,124**	**$ 48,693**	**$ 115,647**	**$ 113,836**	**$ 146,072**	**$ 105,629**
Cash and cash equivalents and restricted cash, end year	**$ 11,501**	**$ 25,124**	**$ 48,693**	**$ 115,647**	**$ 113,836**	**$ 146,072**	**$ 105,629**	**$ 84,229**
FCF	**(5,387)**	**(13,834)**	**(45,090)**	**(280,923)**	**(98,985)**	**(5,211)**	**(58,320)**	**1,381**
Conversion to net income %	-681%	280%	25851%	-1560%	-54%	-3%	-21%	0%
Working Capital	**(12,177)**	**(20,272)**	**(38,326)**	**(86,560)**	**(57,489)**	**(48,909)**	**(51,868)**	**(37,140)**

Source: Company reports, Bernstein analysis and estimates

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BERNSTEIN TICKER TABLE

			23 Oct 2026		TTM	Adjusted EPS				Adjusted P/E (x)		
			Closing	Price	Rel.							
Ticker	Rating	Cur	Price	Target	Perf.	Cur	2025A	2026E	2027E	2025A	2026E	2027E
SPCX (SpaceX)	O	USD	147.49	**268.00**	NA	USD		**(0.01)**	**1.44**		N/M	102.2
OLD				248.00				(0.19)	1.37			
SPX			7,623.68									

PRICE TARGET CHANGE / ESTIMATE CHANGE IN BOLD

O - Outperform, M - Market-Perform, U - Underperform, NR - Not Rated, CS - Coverage Suspended

Source: Bloomberg, Bernstein estimates and analysis.

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VALUATION METHODOLOGY

Space Exploration Technologies Corporation

We base our valuation approach on 12-month forward EV/EBITDA applied to 2031 EBITDA. We believe it is necessary to use a long-term period (i.e., 2031) because the cornerstone of the value is in the orbital data centers. Applying a multiple to, say, 2028 EBITDA would not capture any of that business - i.e., it would simply be space launch, terrestrial compute and near-term Starlink. We use a sum of the parts methodology to give an EV/EBITDA valuation in 2030 (based on 2031 values). We then discount that valuation backward for each segment to mid-2027 in order to reach a one year target price of $268.

RISKS

Space Exploration Technologies Corporation

Downside Risks to our Outperform rating and $248 price target include the ability to dramatically growth Starship launch capacity over time, which depends on full reusability. SpaceX must be able to operationalize its orbital data centers to deliver on the valuation. Semiconductor availability could also be a constraint, as could other potential supply chain issues. There are also risks associated with potential launch incidents or regulatory restrictions. Should compute demand be more limited than most expectations, that would form another risk.

RATINGS DEFINITIONS, BENCHMARKS AND DISTRIBUTION

EQUITY RATINGS DEFINITIONS

Bernstein brand

The Bernstein brand rates stocks based on forecasts of relative performance for the next 12 months versus the S&P 500 for stocks listed on the U.S. and Canadian exchanges, versus the Bloomberg Europe Developed Markets Large and Mid Cap Price Return Index EUR (EDME) for stocks listed on the European exchanges and emerging markets exchanges outside of the Asia Pacific region, versus the Bloomberg Japan Large and Mid Cap Price Return Index USD (JPL) for stocks listed on the Japanese exchanges, and versus the Bloomberg Asia ex-Japan Large and Mid Cap Price Return Index (ASIAX) for stocks listed on the Asian (ex-Japan) exchanges -unless otherwise specified.

The Bernstein brand has three categories of ratings:

- Outperform: Stock will outpace the market index by more than 15 pp
- Market-Perform: Stock will perform in line with the market index to within +/-15 pp
- Underperform: Stock will trail the performance of the market index by more than 15 pp

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on events and developments.

Not Covered (NC) denotes companies that are not under coverage.

Bernstein brand stock ratings are based on a 12-month time horizon.

Autonomous brand – common stocks

The Autonomous brand rates common stocks as indicated below. As our benchmarks we use the Bloomberg Europe 600 Financials Price Return Index (E600BK) and Bloomberg Europe Dev Mkt Financials Large and Mid Cap Price Ret Index EUR (EDMFI) index for developed European banks and Payments, the Bloomberg Europe 600 Insurance Price Return Index (E600IN) for European insurers, the S&P 500 and S&P Financials for US banks and Payments coverage, S5LIFE for US Insurance, the S&P Insurance Select Industry (SPSIINS) for US Non-Life Insurers coverage, the Bloomberg Emerging Markets Financials Large, Mid and Small Cap Price Return Index (EMLSF) for emerging market banks and insurers and Payments, and the Bloomberg Japan Financials Large & Mid Cap Price Return Index (JPFILM) for Japanese Financials. Ratings are stated relative to the sector (not the market).

The Autonomous brand has three categories of common stock ratings:

- Outperform (OP): Stock will outpace the relevant index by more than 10 pp
- Neutral (N): Stock will perform in line with the market index to within +/-10 pp
- Underperform (UP): Stock will trail the performance of the relevant index by more than 10 pp

Coverage Suspended: Coverage of a company under the Autonomous research brand has been suspended. Ratings and price targets are suspended temporarily, are no longer current, and should therefore not be relied upon.

Not Rated: A rating assigned when the stock cannot be accurately valued, or the performance of the company accurately predicted, at the present time. The covering analyst may continue to publish research reports on the company to update investors on events and developments.

Those denoted as 'Feature' (e.g., Feature Outperform FOP, Feature Under Outperform FUP) are our core ideas.

Not Covered (NC) denotes companies that are not under coverage.

Autonomous brand common stock ratings are based on a 12-month time horizon.

Autonomous brand – preferred stocks

The Autonomous brand has three categories of preferred stock ratings:

- Outperform (OP): The total return of the preferred instrument is expected to outperform preferred securities of other issuers operating in similar sectors or rating categories over the next six months.
- Neutral (N): The total return of the preferred instrument is expected to perform in line with preferred securities of other issuers operating in similar sectors or rating categories over the next six months.
- Underperform (UP): The total return of the preferred instrument is expected to underperform preferred securities of other issuers operating in similar sectors or rating categories over the next six months.

Autonomous preferred stock ratings are based on a 6-month time horizon.

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CREDIT RATINGS DEFINITIONS

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- Credit Underperform (C-UP): The total return of the Reference Credit Instrument is expected to underperform the credit spread of bonds of other issuers operating in similar sectors or rating categories over the next six months.

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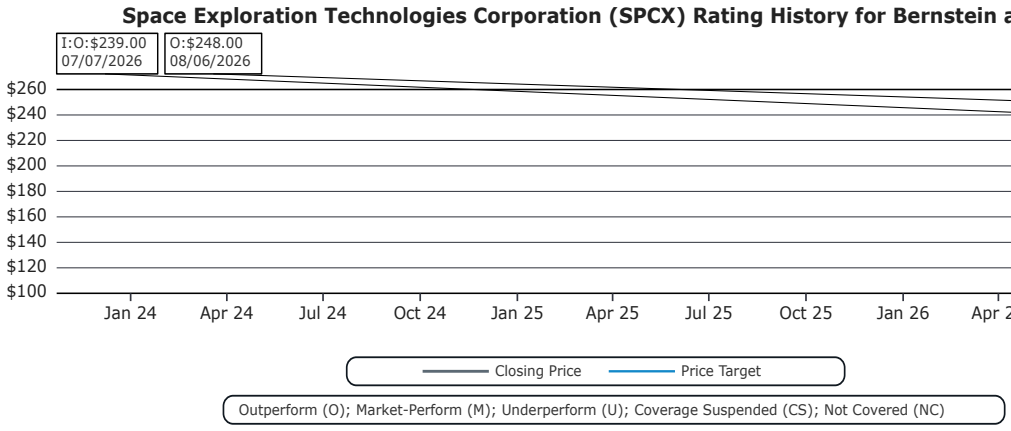
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Outperform	BUY	52.3%	14.2%
Market-Perform (Bernstein Brand) Neutral (Autonomous Brand)	HOLD	35.6%	16.1%
Underperform	SELL	12.1%	13.6%

* These figures represent the percentage of companies within each equity rating category for which affiliates of Bernstein have provided investment banking services within the previous 12 months.
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