



Price: US\$160.42
Rating: BUY
Target: ∞ (initiation)
Upside/downside: ∞/∞

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YEAR	FCF (\$mn)
2024	(5,387)
2025	(13,834)
2026E	(13,603)
2027E	(75,876)
2028E	(65,189)
2029E	(75,290)
2030E	(95,896)
2031E	(143,316)
2032E	(110,118)
2033E	(94,752)
2034E	(48,565)



Space Exploration Technologies Corp: ROCE? Where we're going, we don't need ROCE

We initiate coverage of SpaceX (SPCX) with a Buy rating and 12m PO of infinity. SpaceX is humanity's apex enabler of capital markets issuance, whose high cadence of potentiality underpins our long-term compensation expectations. Valuation is derived from an average of long-term bull, base and bear cases for our DCM desk, with ECM offering differentiated optionality.

Intergalactic Planetary

Launch is the durable competitive foundation of the SpaceX moat. The Starship reusable hardware platform (expected 2028) can actualise order-of-magnitude reductions in launch economics that should not be characterised as "Zero-G Webvan". Selling fewer rockets, via intercompany transfer or to government agencies by competitive tender, can transform a heavily subsidised engineering contractor into a high-margin provider of Frontier-Astrality-as-a-Service (FrAAAS), thereby repositioning what is currently an unprofitable loss-leader for the group into being a relatively smaller loss-leader. The cancellation of the Starship programme (expected 2028) offers further potential upside to our forecasts.

Planetary Intergalactic

SpaceX's telecoms segment (61% of 2025FY revenue) trades at a justified premium to a sector ave. PE of c.10x because space. By enabling Starlink services to reach speeds and reliability levels equivalent to AOL circa 1999, the V3 low-earth orbit satellite constellation rollout (expected 2028) will initiate a step-change in adoption across the communications layer that will render irrelevant all logistical and regulatory barriers to adoption in a secular transition from terrestrial that we have termed "The Internet of Things Revolution". Failures of LEO satellite operators including Globalstar, Iridium and Teledesic in the aftermath of the dot-com bubble are not relevant to SpaceX because they were a long time ago.

Another dimension another dimension another dimension another dimension another dimension

SpaceX's terrestrial AI infrastructure for enterprise and class-leading nudification will be augmented by orbital compute (expected 2028) that lowers inference costs by utilising radiative cooling, quantum disassembly, cold fusion, square circles, tartan paint, and the metaverse. A key risk to our Buy rating is that the previous sentence was nonsense. However, no FCF forecast before 2035 and an average external capital requirement of \$84bn per year from 2027 to 2034 indicate there's no obligation to make anything make sense. What matters are that our PO is higher than anyone else's, and that our underwriting syndicate is on call 24/7.